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# **REENGINEERING PERMANENT DUTY TRAVEL**



**Department of Defense  
Washington, D.C.**

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# **Executive Summary**

# Executive Summary

During Fiscal Year (FY) 1996, 775,000 military and 25,000 civilians of the Department of Defense (DoD) relocated to a different permanent duty station. While astute Permanent Duty Travel (PDT) travelers find ways to minimize the challenges inherent in the current process, the typical relocation is more complicated than necessary because of burdensome paperwork, confusing allowances, and cumbersome procedures. Travelers may be inconvenienced, waste valuable time waiting in lines, frequently use their personal funds to initially cover relocation expenses, and end up hoping that the next PDT experience will be less burdensome. Moreover, the current PDT process costs the Department hundreds of millions of dollars annually in administrative costs and lost productivity.

In 1994, the Department established a DoD Task Force to Reengineer Temporary Duty Travel. As a follow-on to that effort, Management Reform Initiative Number 14 directed a review of the Permanent Duty and Ready Reserve Travel processes. A DoD Permanent Duty Task Force was established in July 1997; this report documents the efforts of that team.

The Task Force was chartered to "...create a fair and equitable permanent duty travel system for all DoD organizations..." that will meet operational requirements, improve service to travelers, and reduce overall cost to the government. The Task Force conducted an extensive outreach effort with numerous DoD stakeholders and travelers, other government agencies and several private sector companies that recently reengineered their relocation processes. Task Force members visited eight DoD installations worldwide. Surveys administered to the focus groups at those locations provided substantive data for quantitative analysis. The analysis of data gathered from these sources provided the basis for Task Force findings in this report.

## FINDINGS

General: Overall, the Task Force found permanent duty travel to be a loosely integrated, decentralized and complex system where business practices and interpretation of rules differ significantly throughout the Department. Opportunities exist for improvements in traveler productivity, cost control, and service quality. The Task Force faced a particular challenge in that the PDT system has different functional process owners; there is no single responsible process owner of PDT. Although policy development normally is coordinated, implementation is fragmented across the various DoD Components.

The current PDT process has produced both frustrated travelers and process owners. Some of the underlying traveler perceptions identified in the surveys highlighted the depth and complexity of the current system and the need for a paradigm shift to eliminate the following misconceptions: travelers cannot be trusted; relocation is a mission essential requirement, however, the process is unduly complex; fraud, waste, and abuse can be stopped with sufficient system controls; appearance of precision gives the appearance of control; and compliance with procedures is as important as mission accomplishment.

During FY 1996, the governmental costs associated with relocation, including the cost of contractors who provide various household goods movement and storage, exceeded \$3 billion. The indirect cost--the administrative costs associated with providing services to travelers--was estimated to be several hundred million dollars.

The PDT process has two major elements: transportation of people and transportation of personal property. Each element is a separate effort requiring extensive coordination on distinct issues. During the installation visits, the Task Force members were able to document traveler concerns about both elements through Customer-Stakeholder focus groups.

Transportation of People: Transportation of people should be relatively straightforward: the traveler must go from the old duty station to the new duty station. Within the DoD Components however, the process is cumbersome. The steps that a traveler must take to complete the relocation are numerous and, leaving the traveler frustrated and confused. Even the first step, obtaining orders in a timely manner, can be difficult and cause apprehension for the traveler during the remaining steps in the process. Those steps include: checkout procedures at numerous places, obtaining medical and dental screenings, clearing housing, arranging for transportation, obtaining travel advances, researching relocation information, and arranging temporary lodging for the entire trip. Upon arrival at the new duty station, the traveler must repeat most of these same steps. At various locations, both inside and outside of the Continental United States, focus groups voiced similar concerns: orders were not understood and were often received late; little support was available in making PDT arrangements; entitlements were misunderstood; voucher process was cumbersome and time consuming; the reimbursement process was slow; and temporary lodging and meal allowances were inadequate.

Transportation of Personal Property: From the traveler's perspective, transporting personal property requires fewer steps than are taken to transport people. However, the process has several quality of life issues and the potential for greater financial risk to the government and the traveler. Upon receipt of orders, the traveler generally visits the transportation office to plan for the movement of personal property (household goods and privately owned vehicles). The traveler is counseled regarding travel procedures and a vendor is selected. A critical part of the process, the vendor selection, is based on the cost of the services provided and paid by the government. Performance criteria are not a priority in selecting a moving company. Damage claims are numerous and both the traveler and the government incur significant losses on claims. In FY 1996, DoD travelers filed over \$100 million in damage claims, of which over \$79 million was paid to claimants from DoD Component Operations and Maintenance accounts. The Department subsequently recovered approximately \$42 million. One in four travelers file for damages. Many others do not file claims because the process is perceived as too difficult. Focus groups expressed concern about the poor quality of service from carriers that delivered household goods at the new duty station; 14.7 percent of our focus group sample said their household goods frequently were not unpacked as requested; pick-up and/or deliveries were late in the day; and the carriers did not schedule pick-ups or deliveries with precision.

Current Allowances and Entitlements: The Task Force identified hundreds of pages of PDT guidance. The rules governing PDT allowances and entitlements are complex, labor intensive, and costly for the Department to administer. These problems are multiplied because there are

different rules for military and civilian personnel, and discretionary allowances are managed differently by each DoD Component. Factors that contribute to the complexity of allowances include: various categories of relocation travelers; various categories of allowances; various tables of allowances; and various guidance that is subject to different interpretations.

The Task Force also found that the rules associated with computing certain allowances (e.g., Relocation Income Tax Allowance (RITA) for civilian personnel) were labor intensive and difficult to administer. Moreover, current allowances potentially may place inadvertent financial burdens on first-time or inexperienced travelers.

Within the public sector, several federal agencies are undergoing reengineering efforts to improve relocation programs. Several organizations shared their new approaches with the Task Force. In general, there seems to be a trend toward flat rate allowances, up-front payments, and streamlining administrative processes. Additionally, in 1997, the General Accounting Office (GAO) endorsed using “best practices” for overseas moves. The “best practices” include:

- (1) Centralizing program administration under the responsibility of one unit to have more specialized staff dedicated to the function;
- (2) Providing one-stop shopping to improve employee satisfaction and accountability;
- (3) Developing integrated information systems to eliminate outdated duplicate systems, track costs, identify the status of key events, and reduce management burdens; and,
- (4) Outsourcing.

The private sector also has ongoing reengineering efforts. To explore better ways of doing business, the Task Force benchmarked with eight companies that have national and international relocation programs. Most of the companies visited do not require employees to keep detailed, daily expense records to account for the actual costs of relocation. Additionally, these companies have moved or are moving toward up front, lump-sum payments. The benefits derived from these changes were lower relocation administrative costs, lower direct relocation costs, and greater traveler satisfaction. These programs were administered in-house, through outsourcing, or a combination of the two. The industry trend seems to be toward outsourcing, with a minimal in-house management staff. In addition, private sector companies also provided relocation tutorials (referred to as “intensive management”) that were geared toward minimizing financial hardship for inexperienced relocation travelers. The Task Force believes that the changes used by the private sector are worth exploring for applicability within the Department.

## RECOMMENDATIONS

The Task Force believes that it is desirable and feasible to simplify the PDT process for travelers and process owners, and to do so quickly. To accomplish this, the Task Force developed a plan that includes the vision of the reengineered PDT process, recommendations for legislative changes, an implementation plan, and a marketing strategy to promote a willingness to change.

Single Process Owner. To facilitate implementation of the recommendations in this report and improve the synergy of the Department's PDT process, the Task Force recommends a single process owner. Since both civilian and military personnel are relocated to fulfill the Department's manpower, staffing and readiness requirements, the Task Force suggests that oversight for the function be assigned to the Under Secretary of Defense (Personnel and Readiness).

Follow-On Study. The PDT process is extremely complex with significant variation among the DoD Components. Therefore, the Task Force recommends that a follow-on study be chartered to develop the broad concepts discussed in this report. The Task Force envisions a simplified PDT process that meets the needs of the Department and its Components while providing better service to Service members, civilian employees, and their families. However, such a dramatic change in business practices requires significant time and resources. The scope and complexity of the follow-on effort will require a strong commitment from the Department in the form of dedicated human and financial resources for 12–18 months.

Transportation of People. The Task Force believes that, by adopting several new business practices, the Department can significantly reduce administrative costs and increase traveler satisfaction. For transportation of people, the Task Force envisions a single point of contact for services or a "one-stop shop", simplified entitlements with lump-sum payments, centralized program administration, and use of traveler advocates.

Transportation of Personal Property. The Task Force believes that new business practices are needed to improve traveler service and reduce operating costs for the transportation of personal property. Management Reform Memorandum Number 6 addresses the transportation of personal property and needed enhancements. Under that initiative, three efforts are being pursued to improve the quality of personal property movement within the Department. These efforts include: allowing the use of commercial relocation services; allowing travelers to select their own carrier; selecting contractors based on "best value"; and increasing the Do-It-Yourself (DITY) reimbursement rate from 80 percent to 95 percent.

## IMPLEMENTATION STRATEGY

The PDT process is highly complex, with significant variations among the DoD Components. Therefore, the Task Force recommends a two-phased implementation approach that first creates an Implementation Team and then pilots new concepts at specific locations. The follow-on efforts will require senior leadership involvement and a commitment of resources from the DoD Components. Chartering objectives would include streamlining the PDT process while reducing costs and providing better service for DoD travelers.

This Task Force could serve as a transition team between “what” needs to be done and “how” it should be done. The Implementation Team would further define and develop the basic concept of operations discussed in this report and initiate and oversee an orderly, integrated DoD transition from the current PDT process to the reengineered process. Additionally, the Implementation Team could develop legislative proposals that would have a significant and positive impact. An example would be the establishment of an entitlement for a funded house-hunting trip for Service members that might reduce storage in transit costs and temporary lodging expenses.

Systems planning and development processes must incorporate internal controls that prevent and detect fraud, waste and abuse. Responsibility for internal controls must be clear and unambiguous; specifically, implementing officials must be charged with the responsibility for ensuring effective safeguards.

During the pilot phase, selected locations would validate and further refine reengineered processes prior to DoD-wide implementation. New business rules would be evaluated and a cost benefit analysis would be conducted. The Implementation Team would monitor and evaluate the pilots and determine how changes would be implemented, including coordination of efforts within the Department.

Composition of the Implementation Team should include full-time representatives from the Office of the Secretary of Defense, the DoD Components, and private sector support as needed. Members should be multi-disciplined to facilitate smooth transition across multi-functional areas. The systems dynamics presented by this endeavor will be complex and require integration and coordination of all efforts, within each Component.

## **IN SUMMARY**

The Task Force envisions a streamlined process that encompasses the following 11 characteristics:

- ★ Expedited orders
- ★ No tax liability for the PDT process
- ★ Up front lump-sum payments, with very limited opportunity for additional payments
- ★ A shift from manual processes to computer-based technology
- ★ A shift toward equal treatment between active duty members and civilian employees, and the differences among the DoD Components
- ★ A system that simplifies administrative requirements (e.g., workload dedicated to processing PDT, paperwork, reporting requirements) of commands and travelers
- ★ A system more responsive to traveler needs
- ★ A system that assumes travelers to be responsible adults, giving them the discretion to



apply the entitled payments toward any aspect of personal relocation

- ★ A system that allows the following personal property management changes:
  - ◆ Household Goods (HHG) and vehicle shipments through a contracted relocation service;
  - ◆ Movement away from contractual and statutory requirements to "fair-share" HHG shipments among low cost carriers;
  - ◆ Selection of carriers based on "Best Value", to include improved on time pick-up and delivery, reducing loss and damage and thus fewer claims;
  - ◆ Claims settlement directly with the carrier;
  - ◆ Use of commercial business practices;
  - ◆ Full replacement value for lost/damaged HHG; and,
  - ◆ Third party, non-government responsibility for movement of HHG.
- ★ A system that merges the management of transporting people and the management of transporting personal property with other ancillary services used when travelers need to relocate. For example, spouse job search, school registration and records transfer, determination and disbursement of lump-sum payments, air transportation scheduling and single source expertise of entitlement publications.
- ★ Increased readiness and level of productive time by significantly reducing the time necessary for a traveler to manage the PDT process

The Department's current relocation process and allowances are complex, and over-burden the administrative support infrastructure. A window of opportunity is available for the Department to make major changes in the PDT process and "free-up" resources for other mission functions consumed by administrative overhead. The Task Force believes that PDT processes and allowances should, and can, be simplified; thereby incorporating "best-in-class" practices that include simple procedures and allowances that increase traveler satisfaction and reduce relocation program operating costs. DoD travelers should enjoy a traveler friendly process with reasonable and easy-to-understand allowances. Consequently, this report delineates proposed changes based on "best in class" management principles that facilitate systematic organizational change for PDT in the 21<sup>st</sup> Century.

## **ADDENDUM**

The Air Force comments to the draft report stress that any effort to simplify the military and civilian entitlements related to PDT reengineering must not result in a reduction to those entitlements. Furthermore, the Air Force observed that the report might not adequately address the different criteria for PDT among active duty and Reserve Component members. Both issues will be addressed during the follow-on implementation phase of the PDT reengineering effort.

# **Task Force Report**

# Chapter 1

## Background – Approach - Outreach

### Background

The primary mission of the Department of Defense (DoD) is to provide for the common defense of the United States and its worldwide interests. Resources in support of that mission include over 3.1 million people: 1,418,773 active Service members; 897,991 Reserve personnel and 807,432 civilian employees. The Department's mission is global, operating a base structure of 588 installations in 50 states, 3 U.S. possessions and 19 foreign countries.

The Department's global mission requires the periodic relocation of its military and civilian personnel from current duty stations to new locations, either inside or outside the United States, or from one foreign country to another. Relocation is a complex process that requires extensive coordination by relocation organizations and those personnel moving. In FY 1996, the Department relocated approximately 800,000 DoD personnel (i.e., 775,000 Service members and 25,000 civilian employees) plus their family members. This volume of relocations requires an extensive network of service providers at the gaining and losing installations.

In August 1997, the Deputy Secretary of Defense ordered a "clean sheet of paper" review of the entire Permanent Duty Travel (PDT) process. Senior management believed that the process needed change to reduce operating costs and to improve traveler services. As a result, Management Reform Memorandum (MRM) No. 14 was signed by the Deputy Secretary establishing a Permanent Duty Travel Task Force and a Ready Reserve Travel Task Force. Each task force was given the specific assignment of reviewing its area of concern.

From the taskings outlined in MRM No.14, the Under Secretaries of Defense (USD) for Acquisition and Technology (A&T), Personnel and Readiness (P&R), and Comptroller (C), and the Director of Administration and Management jointly issued a charter for the PDT effort. The charter established the DoD Task Force to Reengineer Permanent Duty Travel to "develop a fair and equitable permanent duty travel system for all DoD organizations and personnel" (see Appendix A). The objectives of the Task Force were to:

- meet operational mission requirements of the Department;
- improve services to the travelers utilizing the permanent duty travel system; and
- reduce overall costs to the government.

## Approach

The Task Force members (see Appendix B) brought expertise in all aspects of the Department's PDT system. The Task Force reviewed procedures for permanent duty travel using business process reengineering methods and a quality management approach unconstrained by commonly held paradigms.

Before developing a vision for an improved permanent duty travel system, the Task Force had to define an efficient system and then review the existing system and its many variations in applications among the DoD Components. An efficient system was defined as a series of interrelated, interdependent modules that operate together to accomplish a specific goal in a cost-effective manner. This contrasts to an inefficient system, wherein each module operates independently of the other modules, with regard for cost effectiveness or how one element affects others.

The Task Force defined the essential elements of PDT as authorization, arrangements, payment, execution, reconciliation, and accountability. The Task Force then identified travelers, service providers, and stakeholders of the process, and the needs of each as they related to the essential elements. The Task Force benchmarked policies and traveler services against "best in class" practices in both government and industry. It examined many alternative practices for possible incorporation into any new DoD system design.

Early in the project, the Task Force identified the elements of the existing system. Chapter 2 lists those elements determined primarily to drive the complexity and costs in the current system. The Task Force then weighed these elements against the underlying assumptions outlined in the charter that support an ideal PDT system. The characteristics that must support the new system are discussed in detail in Chapter 5.

The Task Force put aside previously held assumptions, mandates, and constraints to facilitate a system design based on the principles of simplification and innovation. Members conducted extensive outreach, soliciting input from travelers, those who work with the system, and stakeholders. They gathered information on requirements, expectations, and definitions of quality in the essential elements of DoD's permanent duty travel system. Finally, the Task Force developed a strategic plan for a new system design focused on continued mission support and the needs of the traveler and process owners.

## Outreach

The Task Force's outreach included surveys and focus group sessions with travelers, process owners, and consultants in the private sector. Task Force members asked focus group participants to describe how the current system does and does not meet their needs and what is needed in a new system design to meet their requirements. The Task Force also met with process owners and stakeholders, internal and external to the Department, to determine their needs in the new permanent duty travel system design. From that and other information, the Task Force identified the symptoms and diagnosed the problems of the current travel system, and identified the appropriate new system design requirements.

Once the Task Force identified traveler concern for a reengineered system (Appendix C), it conceptualized a reengineered system and the necessary building blocks. The Task force considered the benefits from an overall strategy, the best approach for the Department to realize that solution, and a methodology to overcome anticipated barriers to making this reengineering effort a reality. Appendix D lists the outreach conducted by the Task Force. Task Force working papers document the outreach.

The Task Force consulted with several interest groups, internal and external to the government, that are reengineering or automating some aspect of their permanent duty travel process. Detailed information was exchanged with the Military Traffic Management Command (MTMC), the Departments of the Army, Navy, Air Force, and various Defense Agencies. The Task Force reviewed major studies, analyzed trends and innovations, and identified “best in class” themes in other agencies and businesses. The Task Force then designed a strategic plan for a new permanent duty travel system, combining the best practices the public and private sectors.

# Chapter 2

## The Current Process

### Findings

The current DoD permanent duty process is fragmented. Although several functional areas within the Office of the Secretary of Defense (OSD) share responsibility for portions of the process that has evolved over the past fifty years, no one owns the entire PDT process. Whenever a problem has arisen within a functional area, solutions have been developed to solve specific problems. Those solutions frequently were coordinated with the other process owners but implemented in stovepiped arenas. The result is a patchwork process that has produced fragmented policy implementation.

**Policy Formulation**--Policies for the individual pieces of the current PDT process are issued under the cognizance of several Under Secretaries of Defense (USD):

- The USD (Acquisition and Technology) is responsible for policies on the use of commercial and government transportation, booking arrangements through a travel office (contract and in-house), and the use of government lodging facilities when customers are relocating
- The USD (Comptroller)/Chief Financial Officer is responsible for policies on payment for authorized travel expenses incurred in connection with PDT travel, including policies on issuance and use of government-sponsored, contractor-issued travel charge cards, advances to travelers for authorized travel expenses, and the reimbursement of travelers
- The USD (Personnel and Readiness) is responsible for allowances and entitlements policy as authorized by various sections of the United States Code

Generally, the Department's Joint Federal Travel Regulations (JFTR) for military members and Joint Travel Regulations (JTR) for civilian personnel implement PDT-related laws. The JFTR and JTR fall under the cognizance of the USD(P&R). DoD Components further supplement the JFTR and JTR with specific headquarters or field level guidance unique to their organizations, which results in different treatment of travelers and non-uniformity in overall policy application. The Task Force identified over 300 pages of PDT policy and procedural guidance in the JFTR and JTR, and countless pages for implementing that policy within the DoD Components.

Many perceptions, commonly shared across the Department, underscore the development of those policies. Focus group participants repeatedly stressed how confusing the travel system is--with the desire for more understandable or simpler rules being a top priority in any new system. The following underlying characteristics are responsible for yielding the Department's exceptionally complex system:

- Travelers cannot be trusted
- Relocation is a mission essential requirement, but the process is unduly complex
- Fraud, waste, and abuse can be stopped with sufficient system regulations, controls, and checkpoints in place
- Compliance with procedures is as important as mission accomplishment

Overall there is a perception that our current process poorly supports the mission and is not traveler oriented. Ninety percent of travelers surveyed said the PDT system could be simplified and improved.

**Policy Implementation--**Within the Department, implementation has been decentralized to the various process owners within each organization. Each process owner took steps to implement its segment of the process. Appendix E depicts a generic flow chart for military and civilian processes used today in the Department. It shows the current military and civilian processes as multi-layered. The “glue” that holds this process together is the travelers. Although *effective* (i.e., the moves do get made), this decentralized management has resulted in a costly and unfriendly system that is *inefficient*.

**Systems Costs--**While the current system meets DoD operational goals, it does so at a price. The stovepiped administrative processes drive up cost, impede the relocation of Service members and civilian employees and burden travelers requiring that they personally ensure compliance with the administrative requirements established by each process owner.

The Department incurs two types of PDT-related costs; direct and indirect. Direct costs are payments directly attributable to travelers and the PDT contractors that service them. Indirect costs are any associated relocation support costs that are imbedded within PDT processes such as administrative and automated data processing (ADP) support. The Department does not have a management information system that can quantify either PDT direct or indirect costs. The data used by the Task Force was derived from budget documentation, data calls, and audit reports issued by the Inspector General and DoD. The base year used for measurement was FY 1996.

- **Direct costs** incurred by the Department for PDT relocations exceeded an estimated \$3 billion in FY 1996 alone and represent funds paid directly to the traveler for relocation travel and payroll entitlements and to the contractors who provided services. These services include movement, storage in transit and non temporary storage of household goods (HHG), movement of mobile homes, shipment of privately owned vehicles, Do-It-Yourself (DITY) moves, and travel and damage claims.
- **Indirect costs** are roughly estimated to be hundreds of millions of dollars annually. They include administrative costs of providing services to travelers such as generating orders, medical and dental screening, arranging for transportation, housing and relocation assistance, and payment processes. Indirect costs also include intangible elements of the move itself, including: waits in lines at the losing and gaining activities, preparation and reconciliation of travel and personal property damage claims. Specified costs could not be identified because

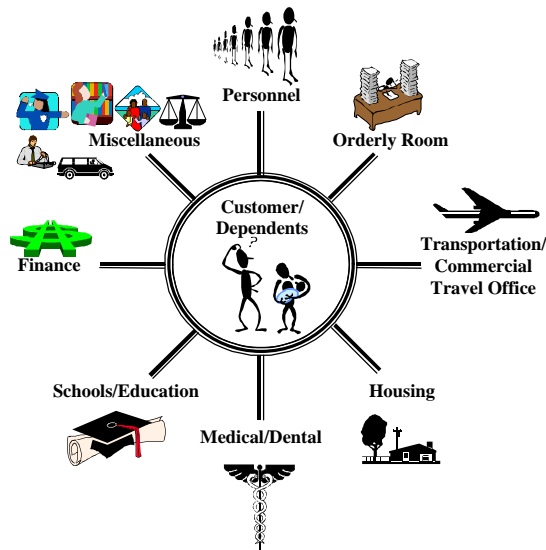


most elements of the total cost were not readily available (due to accounting that deeply imbeds these costs within command mission infrastructure).

**Process Flow**--The current military and civilian processes are divided into two unique elements: transportation of people and transportation of personal property. To corroborate information provided by process owners during groundwork interviews, Task Force members visited eight DoD installations and talked with traveler focus groups. Appendix D identifies those DoD installations. At each location, focus group participants identified issues or problems they had encountered. These issues or problems occurred during the transportation of people and things.

- **Transportation of People.** The goal of transporting personnel is relatively straightforward. The traveler must go from the old duty station to the new duty station. Although this sounds like simple process, travelers must clear many steps to complete the move, leaving them frustrated and asking many questions and receiving conflicting answers. First, travelers must obtain orders. Second, the planning and clearance process begins. The "clearance process" has a litany of stops, varying by the degree of control imposed by local management. In addition, travelers undergo medical, dental, and reliability screening, arrange for transportation of dependents and themselves, arrange moving from government housing, initiate paperwork for salary and travel advances, visit family services for relocation assistance information, go to the finance office to get the advances, and process through a host of other organizations such as the local financial institutions, local library or motor vehicle registration office. Additionally, the traveler must make plans for temporary lodging.

The traveler must perform many of the same steps at the new duty station. For example, the traveler must process into the personnel office, locate temporary and permanent housing, submit travel claims, and establish business relationships for medical, dental, and financial services. Figure 1, below, shows the different steps that the traveler must complete in a move. The number of steps varies depending on the local command requirements and is more complicated when performing a move outside the Continental United States (OCONUS). There is a direct relationship between the time required to complete a move within the Continental United States (CONUS) and to accomplish a move to an OCONUS location. Travelers indicated that moves within CONUS are simpler than moves to and from an overseas location. Also, as Service members or civilian employees assume family responsibilities or increase their number of possessions, the process becomes more complicated. The time required to prepare for a CONUS move ranges from 111 to 153 hours; while the time required to prepare for an OCONUS move ranges from 115 to 169 hours. Appendix F offers a generic model of the steps and estimated time required for travelers to complete the relocation process.



**Figure 1 - Transportation of People**

Travelers in the focus groups voiced frustration with the process and identified myriad issues that affect the transportation of people. Some examples of the travelers' experiences that were shared during focus sessions follow.

★ The Air Mobility Command (AMC - formerly MAC) contracts for flights between CONUS and OCONUS locations. Travelers cited the following concerns about using AMC flights: (1) limited pet space; (2) extensive travel delays to/from CONUS causing travelers to miss connecting flights; (3) traveler perception of crowded aircraft seating arrangements referred to as "cattle car" seating; (4) difficulty in obtaining transportation to a CONUS AMC terminal after a personal vehicle has been shipped or disposed of; and (5) requiring up to a 10-day window for travel. The Task Force acknowledges the need for AMC to maintain a contingency airlift capacity, and suggests that USTRANSCOM conduct a review with an eye toward improving AMC services.

★ Due to a history of Navy PCS funding shortfalls near the end of each fiscal year, Service members with summer rotation dates are issued amended orders delaying their moves until the next fiscal year. If funds become available before the end of fiscal year, some moves scheduled for the next year are then rescheduled back to the current fiscal year. The uncertainty, disruption of personal vacation and relocation plans, and the traveler perspective that the Navy "can't figure it out," makes life for Service members with summer projected rotation dates very difficult to plan and implement with any degree of certainty. The Task Force suggests that the Navy review its assignment strategy and improve the system used to schedule personnel rotations.

★ The Army does not provide pin-point assignments to specific duty stations for junior personnel sent to Germany. Although this process is very responsive to readiness demands, it impinges on Service member quality of life for many reasons: (1) unable to be assigned a sponsor at ultimate duty station; (2) inability to adequately plan during pack-

out (e.g., weather? government housing?); (3) anxiety due to uncertainty (e.g., schools? medical facilities?); (4) general lack of information about what will be home for the next three years; (5) additional leg of travel for the soldier (CONUS to replacement battalion to duty station); and (6) having to leave one's family at the old duty station until the pin-point assignment is known. The Task Force suggests that the Army revisit this policy with an eye toward balancing readiness needs and Service member concerns.

★ No entitlement exists for family travel when the Service member is ordered to make intermediate stops (e.g., training en route). During these periods, the family either: (1) stays at old duty station; (2) proceeds to new duty station, (3) takes a vacation without sponsor, or (4) accompanies sponsor to the intermediate stop(s) at personal expense. The Task Force suggests that this issue be addressed by the next phase of PDT reengineering process.

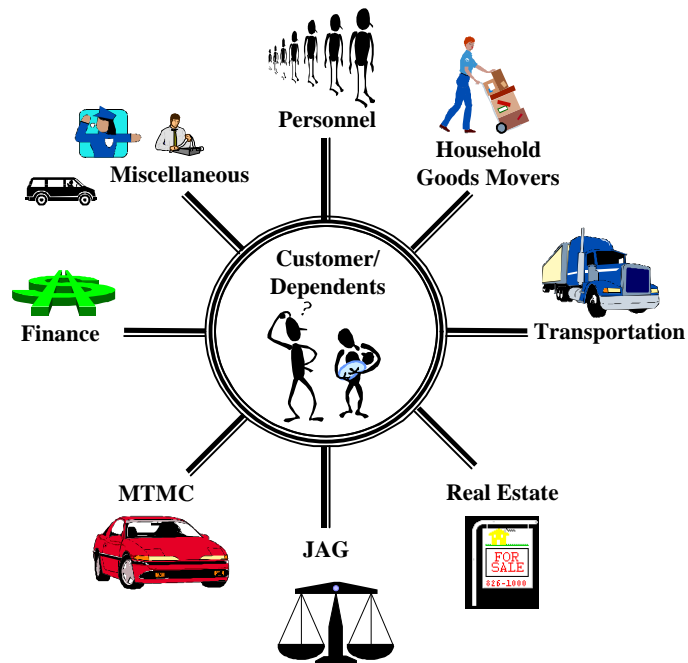
Table 1 highlights unedited comments that identify additional concerns cited by Service members during the focus group sessions.

#### **Transportation of People – Percentage of Dissatisfaction**

Travel allowances/entitlements information listed on PCS orders	57.3%
Temporary lodging during PCS	43.2%
Understanding PCS allowances/entitlements	42.4%
Timeliness of reimbursement for PCS travel expenses	41.6%
Fast approval for PCS travel orders	33.0%
PCS travel voucher ease of completion	30.0%
Meals allowance during PCS	29.8%
PCS travel arrangements	27.2%
PCS travel orders ease of completion	26.7%

**Table 1**

- **Transportation of Personal Property.** This process has far fewer steps than transportation of personnel but a much greater financial risk for most travelers, especially for Service members (who move more often than DoD civilian employees). Figure 2 shows the major components of the transportation of personal property process. Transportation of personal property also begins when the orders are received. Upon receipt of the orders, the traveler visits the transportation office to arrange for movement of personal property (household goods and privately owned vehicles). Selection of the carrier can be the most critical part of the process. In most cases, the vendor is selected based on fair share distribution of gross tonnage among low cost, technically acceptable bidders contracted through MTMC. Performance criteria are not a primary factor in selecting the moving company.



**Figure 2 - Transportation of Personal Property**

Travelers often experience excessive damage to their property. Travelers submit damage claims to the local Judge Advocate General (JAG) office. A settlement is offered by the JAG office and paid to the claimant. The JAG then negotiates with the carrier to recover the amount of the paid claim. In 1996, DoD travelers filed over \$100 million in damage claims. Over \$79 million was paid to claimants from DoD Component Operations and Maintenance accounts, of which DoD recovered about 53 percent (\$42 million) from the carriers. The Department appears to be at the mercy of the moving companies in resolving these damage claims.

Table 2 reflects the dissatisfaction that travelers in our focus groups identified with the transportation of personal property.

**Transportation of Personal Property – Percentage of Dissatisfaction**

Accuracy of transportation allowances/entitlements calculations	32.5%
Quality of services for household goods transportation provided at the old duty station	31.0%
Amount of transportation allowances/entitlements expected	30.5%
Quality of services for household goods transportation provided at the new duty station	28.8%
Household goods unpacked as requested	25.8%
The Do It Yourself “DITY” PCS process	24.8%

**Table 2**

The Task Force interviewed 308 travelers in the focus groups to obtain feedback on dissatisfaction with the PDT process. Traveler concerns encompass all facets of the process and are a key barometer of customer satisfaction, as identified in Table 3.

**Process-wide – Percentage of Dissatisfaction**

PCS travel can be simplified and improved	90.3%
Paper intensity of the overall PCS travel process	72.8%
Ability of PCS travel system to reduce administrative burden	61.4%
Clarity of PCS travel rules	49.5%
Compensation for PCS travel expenses	45.6%
Ability of the overall PCS travel system to support the quality of work life	42.9%
Ability of the PCS travel system to treat individuals as honest customers	40.5%
Ability of the PCS travel system to help control costs to the government	37.1%
Relocation allowances/entitlements information provided to the customer	36.8%
Fairness and equitability of the overall PCS travel process	32.4%

**Table 3**

### Summary

The travelers interviewed by Task Force members indicated that the process is complicated and increases in complexity based on the number of dependents, household possessions owned, and the area to which they are relocating. The actual number of stops during in- and out-processing depends on the unique circumstances of each location and traveler. The process has many owners who perform one or more functions in the trip planning and execution phase. Frequently, travelers must repeat certain steps of the process if they do not have the proper documentation or necessary information the first time. During focus group interviews, travelers indicated that they spend considerable time to complete a move. This includes the time spent in lines, relocating the household and clearing all the steps (as identified in Figures 1 and 2).

Appendix F shows a generic list of the steps that travelers must generally follow. These steps are time consuming and the amount of time varies depending on the unique circumstances of the traveler. Time required can range from 111 to 169 hours. Budget submissions by the Department show that 777,751 Service members relocated in FY 1996. The Defense Manpower Data Center (DMDC) states that approximately 25,000 civilians relocated in FY 1996. Considering the large number of personnel moved within the Department, significant time is consumed on moves that could be better used for mission functions if the relocation process were streamlined to minimize time consumed for trip planning and execution.

# Chapter 3

## Current Allowances

### Findings

The rules governing PDT allowances and entitlements are complex and administratively labor intensive. The different categories of travelers, laws and regulations, entitlements, allowances, guidance and administrative requirements exacerbate the situation. Over the years, PDT policies and rules have accumulated to address not only the typical move, but the multitude of unique circumstances that have (or could have) occurred. These policies and rules are complex, confusing, and often issued as a set of exceptions. For example, the Table of PCS Weight Allowance (see Table 4, note 7, on page 14) states: “Members ordered on a PCS from the Philippines as a result of the eruption of Mt. Pinatubo are entitled to ship up to 18,000 pounds of HHG. This increased weight allowance applies only to members who were not in the Philippines at the time their HHG were packed for shipment.” In addition, the Task Force learned that many travelers experience tremendous financial burdens because they do not understand their entitlements or the *whats*, *whens*, and *hows* of reimbursement. This particularly was true for first time or inexperienced travelers.

The Task Force identified hundreds of pages of PDT guidance. This guidance stems from Titles 5, 10, and 37 of the United States Code (U.S.C.), the Federal Travel Regulation, the JFTR, the JTR, Department of State Standardized Regulations, and individual DoD Component issuances. Even this mass of legal, regulatory, and policy guidance is incomplete since some local activities supplement DoD Component travel procedures (e.g., major commands such as U.S. Army Europe and Seventh Army).

Several factors influence the complexity of PDT allowances and entitlements. These include:

(1) **The various categories of relocation travelers:** Active duty military, DoD civilian employees, new hires, recruits, separatees and retirees. Different laws, regulations and policies govern allowances for each category, further separated by location destination (i.e., CONUS or OCONUS).

(2) **The various categories of allowances**

Military Allowances - Travel and per diem for the member and dependents; Monetary Allowance in Lieu of Transportation (MALT); MALT PLUS flat per diem for the Service member and dependents, Lodging plus per diem for the member and dependents; Dislocation Allowance (DLA); Temporary Lodging Allowance (TLA); Temporary

Lodging Expense (TLE); HHG (including boats); packing, shipping and storage; privately owned vehicle shipments; storage, transportation of mobile homes; consecutive overseas tour leave travel; as well as designated place moves.

Civilian Allowances - Travel and per diem for the employee and dependents; Temporary Quarters and Subsistence Expense (TQSE) for the employee and dependents (within CONUS); Temporary Quarters and Subsistence Allowance (TQSA) for the employee and dependents (OCONUS); HHG packing, shipping and storage, transportation of privately owned vehicle; house-hunting trip; real estate and lease termination expenses; lease penalty expense; Relocation Income Tax Allowance (RITA); and miscellaneous expenses.

**(3) The various payment tables of allowances.** A few examples follow:

POV Mileage Tables

15 cents per mile for 1 occupant of vehicle

17 cents per mile for 2 occupants of vehicle

19 cents per mile for 3 occupants of vehicle

20 cents per mile for 4 or more occupants of vehicle

Per Diem Allowances

Up to \$80 (CONUS); Locality Per Diem Rate (OCONUS) for employee

Flat \$50 for Service member

$\frac{3}{4}$  of the rate for spouse and each dependent over 12 years old

$\frac{1}{2}$  of the rate for each dependent under 12 years old

When dependents travel separately from the member/employee, the spouse/primary dependent is authorized 100% of the per diem entitlement.

Military Household Goods Transportation Allowances (See Table 4)

**(4) The number and various sources of guidance:** The JFTR and the JTR outline military and civilian entitlements. The Office of the Secretary of Defense, the Military Departments and Defense Agencies supplement these regulations. Subordinate activities within the Department frequently write their own travel guidance. During the focus sessions, anecdotal incidences were cited where the host installation (which was a component of one Military Department) and a tenant organization (which was a component of another Military Department) had significantly different interpretations and applications of the same passage of the JFTR. The two Military Departments had vastly different allowance policies that resulted in travelers not receiving all the allowances outlined in their Service's regulations. Air Force policy in this instance required service providers to abide by guidance of the sponsoring Military Service. Interpretation or applications of allowance policies vary widely between Services. Different PDT settlement payment computations could vary by location and even from one voucher examiner to another.

**TABLE OF PCS WEIGHT ALLOWANCES (POUNDS)**

Service and Grade <sup>1,3,7</sup>				
Army, Air Force and Marine Corps	Navy, Coast Guard, and National Oceanic and Atmospheric Administration	Public Health Service	Weight With <sup>2</sup> Dependents	Allowances Without Dependents
General,, Lieutenant General, Major General, Brigadier General, and Colonel	Admiral, Vice Admiral, Rear Admiral (upper half), Rear Admiral (lower half), Commodore, and Captain	Surgeon general, Deputy and assistant Surgeons General, Assistant Surgeon General, and Director	18,000	18,000
Lieutenant Colonel and Warrant Officer (W-5)	Commander and Warrant Officer (W-5)	Senior	17,500	16,000
Major and Warrant Officer (W-4)	Lieutenant Commander and Warrant Officer (W-4)	Full	17,000	14,000
Captain and Warrant Officer (W-3)	Lieutenant and Warrant Officer (W-3)	Senior assistant	14,500	13,000
First Lieutenant, contract surgeon Warrant Officer (W-2)	Lieutenant (junior grade) and Warrant Officer (W-2)	Assistant	13,500	12,500
Second Lieutenant, officer graduate of Service Academy, and Warrant Officer (W-1)	Ensign, officer graduate of Service Academy, and Warrant Officer (W-1)	Junior Assistant	12,000	10,000
Enlisted Personnel	Enlisted Personnel			
E-9	E-9		14,500 <sup>4</sup>	12,000 <sup>4</sup>
E-8	E-8		13,500	11,000
E-7	E-7		12,500	10,500
E-6	E-6		11,000	8,000
E-5	E-5		9,000	7,000
E-4 (over 2 years service)	E-4 (over 2 years service)		8,000	7,000
E-4 (2 years service or less)	E-4 (2 years service or less)		7,000	3,500
E-3	E-3		5,000	2,000 <sup>5</sup>
E-2	E-2		5,000	1,500 <sup>5</sup>
E-1	E-1		5,000	1,500 <sup>5</sup>
<sup>6</sup> Aviation cadet Service academy cadets and midshipmen	<sup>6</sup> Aviation cadet Service academy cadets and midshipmen			350

Footnotes to Table of PCS Weight Allowances

<sup>1</sup> Members of reserve components of the Uniformed Services concerned and officers holding temporary commissions in the Army and Air Force of the United States are entitled to weight allowances for corresponding relative grades listed.

<sup>2</sup> For the purpose of this table of PCS weight allowances, members "with dependents" are defined as those members who have dependents who are eligible to travel at government expense (either to the new PDS, a designated place, etc) incident to the member's PCS. Whether the dependents do in fact perform any travel at government expense incident to the PCS has no bearing on determining if the member is "with dependents" for the purpose of this table of weight allowances. Incident to a member's first PCS after (a) the death of the member's sole dependent, or all dependents, or (b) a divorce which leaves the member with no dependent(s) eligible to travel at government expense, the member is to be provided transportation of the HHG weight allowance of a member "with dependents" for his or her paygrade.

<sup>3</sup> Members of the regular components of the Uniformed Services concerned who are appointed from either an enlisted or warrant officer grade or rating to a commissioned officer grade, or appointed from an enlisted grade or rating to a warrant officer grade or rating, are entitled to shipment of the weight allowance of (a) the grade or rating in effect on the effective date of the member's PCS orders upon which the shipment is being made, or (b) the grade or rating from which an appointment was accepted, whichever is greater. Upon reversion to their enlisted or warrant officer grade or rating, such members are entitled to shipment of the weight allowance of (a) the grade or rating in effect on the effective date of the member's PCS order upon which the shipment is being made, or (b) the grade or rating held before reversion of grade or rating, whichever is greater.

<sup>4</sup> Members who have been selected as Sergeant major of the Army, Chief Master Sergeant of the Air Force, Master Chief Petty Officer of the Navy, Sergeant Major of the Marine Corps or Master Chief Petty Officer of the Coast Guard are entitled to a PCS weight allowance of 17,000 pounds with-dependents and 14,000 pounds without-dependents under orders issued on or after the date they receive notification of their selection to that office and for the remainder of their military careers including subsequent travel orders incident to separation from the Service, relief from active duty, placement on the temporary disability retired list, or retirement.

<sup>5</sup> Members in grades E-3, E-2 or E-1 married to another member in grade E-3, E-2 or E-1, who are without dependents shall be treated as a member married to a non-member and shall be entitled to the weight allowance of a member "with dependents"; that is, a combined weight allowance of 5,000 pounds.

<sup>6</sup> Aviation cadets are entitled to the weight allowance prescribed for members in grade E-4.

<sup>7</sup> Members ordered on a PCS from the Philippines as a result of the eruption of Mt. Pinatubo are entitled to ship up to 18,000 pounds of HHG. This increased weight allowance applies only to members who weren't in the Philippines at the time their HHG were packed for shipment.

**Table 4 - Table of PCS Weight Allowances**



The Task Force suggests the Implementation Team look at DoD-wide standardization of PDT relocation entitlements and programs when service discretion allows variances. The Task Force recognizes that Service-unique implementations may be driven by budget constraints, Service philosophy or other Service policy, but acknowledges that fewer differences foster greater perceived equity among personnel in the field. Three examples follow:

- The Navy authorizes Overseas Tour Extension Incentive Program (OTEIP)<sup>1</sup> to a larger segment of the overseas population than does the Air Force, but the Air Force and Army have extended option A-1 to \$2K per year while the Navy remains at \$80/month.
- The Army is more restrictive in its application of the DITY program is the Navy.
- Use of government charge cards is inconsistent across Services – the Army and Air Force allow its use for TDY/TAD and PCS travel, while the Navy limits use to TDY/TAD travel.

Aside from being complex and difficult to understand or interpret, some allowances are excessively labor intensive to administer, consuming more time and resources than should be necessary. For example, the RITA available to civilian employees requires time-consuming work from the traveler and the traveler's organization. In addition, the administration of this allowance requires involvement from the Internal Revenue Service (IRS) and the General Services Administration (GSA). Since 1983, the Federal Government has been withholding income taxes and then crediting allowances or issuing reimbursements to cover the income tax incurred from Permanent Duty Travel. A general description of the RITA process follows:

For each PDT voucher submitted by a federal civilian employee, income taxes are withheld from most of the PDT allowances paid to the transferring employee. The employee's parent agency immediately forwards the withheld amount to the IRS. The agency then calculates a withholding tax allowance (WTA) for the employee. The agency credits the WTA to transferring employees to cover the cost of the additional taxes they incur because of the PDT move. At the end of the tax year, the agency issues the transferring employee a W-2 Wage and Tax Statement for the PDT and WTA payments received within the tax year. The employee must then file for the RITA with his or her parent agency by submitting W-2s that reflect the PDT and the WTA credits received to date. The RITA is paid to transferring employees to reimburse them for the additional taxes incurred because of the PDT move. The agency calculates the RITA

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<sup>1</sup> OTEIP offers enlisted Service members three options with the extension: Option A - \$2/K for the period of the extension (a recent change from \$80/mo, which Navy continues to use), Option B - 30 days R&R leave, Option C - 15 days R&R leave plus round trip transportation for the Service member between the nearest CONUS point of embarkation. This program is not available for civilian employees.

reimbursements, based on a formula provided annually by GSA in the Federal Travel Regulation, and subtracts all the WTA payments/credits paid to the employee from that amount. The difference, if any, is paid to the employee.

A portion of the allowance for Service member DITY moves also is taxable. Application of the legislation for taxing this allowance varies slightly among the Military Departments. In some instances only certain allowances are taxed while, in other instances, estimates or percentages are used to calculate the tax. Generally, a 28 percent withholding is made for a portion of the HHG allowance of each DITY move. Department-wide, 90,621 DITY moves were made in FY 1996. This represents an administrative burden on the finance and accounting personnel to effect collections from Service members and deposit withholding taxes with the Internal Revenue Service. We believe that most personnel who perform DITY moves are junior or lower ranking personnel who are in a lower tax bracket. Consequently, any federal income taxes withheld eventually are repaid as refunds to these Service members.

These are excellent examples of the administrative burden placed on government agencies as a result of current laws and funding constraints. With RITA and all other taxable allowances, e.g., portions of DITY move payments, the law should consider all PDT to be in the interest of the government, thus exempting from taxation all associated allowances for relocations.

The current process often places financial burdens on many first-time or inexperienced travelers, due to their lack of knowledge or understanding of entitlements, or because they are overwhelmed by the information. Because the system is so complex, we should not be surprised that ignorance of the system sometimes leads to unwise "funds management" decisions that can place travelers and their dependents in extreme financial difficulty when they arrive at the new duty station. The customer satisfaction surveys clearly illustrate the frustration level that travelers experience as a result of the current allowance process.

In general, current policies do not provide temporary living allowances, dislocation allowances, or miscellaneous expense allowances for first or last moves, although many first-time travelers have families or dependents that accompany them on first moves. An estimated 7 percent of Air Force new recruits have dependents. For example, an airman with a wife and one child on their first PDT move to Maxwell Air Force Base, Alabama, may experience temporary living expenses of \$75 – \$110 per day for which there is no current provision for reimbursement. Over a 10-day period, this could amount to \$1,000 or nearly five weeks of the airman's basic pay. As a result, some new recruits accrue excessive debt and endure extreme financial hardships by erroneously thinking that they will be reimbursed when they settle their travel. Travelers often suffer through an initial learning curve, making costly mistakes, because allowances were poorly explained or misunderstood. Focus group participants emphasized to the Task Force that they did not completely understand or have ready access to the JFTR/JTR. Similar frustrations were expressed regarding the payment process. Although many said they questioned the accuracy of the travel settlement, few approached the payment office for an explanation.

## Allowances Sub-Group Review

The Task Force conducted a review of PDT allowances related to the "transportation of people" (not to include situational allowances). Although the "transportation of personal property" is an integral part of the PDT allowance process and important to process owners and travelers, the Allowances Sub-Group did not address transportation of personal property allowance.

The concerns, problems and ideas for improvements offered by Service members and DoD civilian employees during the focus group sessions prompted the Allowance Sub-Group to work within a framework of three philosophical ideals:

1. Relocation allowances should be tax exempt because DoD relocations are in the best interest of the government;
2. Advance lump-sum payments are more efficient than after-the-fact payments;
3. Differences between military and civilian allowances should be minimized.

To sharpen the focus of discussions, facilitate the simplification of allowances, and improve the reasonableness of PDT allowances, the Sub-Group established the following objectives.

- Reduce the complexity of PDT entitlements and allowances
- Simplify current allowances policy to promote consistent interpretation among the DoD Components and to facilitate automation
- Reduce the administrative burden that current relocation policy and payment processes place on the Department
- Propose changes that reduce overall PDT costs (e.g., Temporary Lodging and Storage in Transit), or, at a minimum, result in a zero sum game

A comprehensive summary of the Sub-Group's findings and a crosswalk from current to proposed allowances is provided at Appendix G. Complex relocation allowances overburden the DoD administrative support infrastructure. The Task Force believes that Permanent Duty Travel allowances need to be simplified and benchmarked against industry "best-in-class" companies that use straightforward allowances. Such allowances would increase traveler satisfaction and reduce relocation program operating costs. DoD PDT travelers succinct allowances. The Task Force recommends solutions in Chapter 5.

# Chapter 4

## Industry Practices

The DoD PDT policies and entitlements have evolved over the past 50 years in an attempt to balance the readiness needs of DoD and the travelers personal needs. Current DoD PDT processes are effective only in that the objective (movement of an employee from point A to point B) is achieved, but the current processes are inefficient. Better, faster and cheaper ways to move employees and their families exist. To explore better ways of moving employees, the Task Force benchmarked public and private sector organizations with national and international relocation programs.

### The Public Sector

The past few years have seen several efforts to improve the PDT process. The GSA, the GAO, the Joint Financial Management Improvement Program (JFMIP) and the Congress all have endorsed process changes. In March 1997, the GSA issued changes to the Federal Travel Regulation that (1) allowed agencies to pay a fixed amount for Temporary Quarters and Subsistence Expenses (TQSE), instead of traditional per diem rates, and (2) allowed agencies to pay fixed amounts, rather than per diem for house-hunting trip expenses. In an October 1997 report, the GAO stated that, "Using best practices to relocate employees could reduce costs and improve service." In addition, the JFMIP proposed entitlement changes that became part of the 1997 DoD Authorization Act. The Senate Governmental Affairs Committee currently is reviewing HR 930, passed by the House of Representatives. That Committee has proposed legislation covering the use of government charge cards and automated teller machine programs to pay for relocation travel expenses. These actions suggest that there is impetus for change.

During the data collection phase of the review, the Task Force interviewed representatives from several Federal agencies and activities (see Appendix D). Many of those interviewed were reengineering their relocation processes. Most were promoting the introduction of flat rate allowances, up-front payments, and streamlining administrative processes.

The Task Force believes that the Foreign Service Act of 1980 (Public Law 85-177) sets a precedent for all PDT allowances to be considered in the "best interest" of the U.S. Government and, therefore, tax exempt. RITA exemptions and other special considerations have been granted by that statute to the State Department, the Central Intelligence Agency (CIA) and the Peace Corps. Tax exemptions also have been granted to the Panama Canal Commission as well as DoD civilian employees stationed in Panama. One agency shared stories of CIA and Defense civilian employees being relocated and working side by side on foreign assignments--where State Department relocation allowances were non-taxable, while DoD civilian employee allowances were taxable. These inequities can adversely impact both morale and productivity.

The GAO Report of October 1997 endorses several "best practices" for overseas moves

that a private consulting firm cited in a 1995 study.<sup>2</sup> Endorsed practices include "(1) centralizing program administration under the responsibility of one unit to have more specialized staff dedicated to the function; (2) providing one-stop shopping to improve employee satisfaction and accountability; (3) developing integrated information systems to eliminate outdated duplicate systems, track costs, identify the status of key events, and reduce management burdens; and (4) outsourcing." The study surveyed a variety of large and small companies and found that these practices yield improvements despite the size of the relocated population.

### *The Private Sector*

The Task Force benchmarked several companies that relocate new hires, middle managers and executives both nationally and internationally. The team visited the United Services Automobile Association (USAA), ENRON, Frito-Lay, Shell Oil, Sealand Services and General Motors. The team also mailed interview questionnaires to GlaxoWellcome and the Wachovia Corporation. The companies used various program management practices, but their approach to entitlements was very similar.

Most of these companies no longer require employees to keep detailed, daily actual expense records of their move. Most have moved or were moving to up-front, lump-sum payments. The coverage of lump-sum payments varied, but usually included temporary lodging, per diem, and miscellaneous expenses. Generally, companies used two payment rates: one for renters and one for homeowners. Nevertheless in unusual circumstances, the relocation manager or relocation service had the flexibility to approve exceptions to standard rates. Several companies also provided relocation tutorials or training for trainees and new hires. New hires were also given financial management information and advice in three to four one-on-one sessions with the relocation manager. This "intensive management" approach helped minimize financial hardship for inexperienced travelers. Companies that moved to up-front lump-sum payments touted three benefits: (1) decreased relocation administration costs; (2) reduced direct relocation costs; and (3) increased traveler satisfaction.

Private industry generally moves all of an employee's belongings. Weight limits are generally liberal enough to meet employee needs. It told the team that one company "... move(s) whatever the employee has." In spite of this practice, most companies indicated that household goods and other personal property costs may be lower per move in industry than in government because many do not provide non-temporary storage. This is primarily because private industry damage claims are filed with the carrier for resolution, and the carrier bears the cost of damages. A secondary factor that helps to reduce costs is that industry carriers are chosen based on past performance. Carriers that do not meet the employer's standard for property loss or damage, or traveler satisfaction, are dropped from the list of suppliers. "Best in class" companies maximize point-to-point moves to reduce storage-in-transit costs by assisting employees with locating lodging.

Program management strategies were varied at sites visited by the Task Force, ranging

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<sup>2</sup>This report is available on the Internet at: [www.gao.gov/AIndexFY98/abstracts/ns98019.htm](http://www.gao.gov/AIndexFY98/abstracts/ns98019.htm).

from internal (in-house) management programs to partial or completely outsourced programs. Others collocated the contracted provider at the service requester site. The industry trend is toward outsourcing, managed by a small in-house program staff. The companies said the benefits of outsourcing were improvements in customer service and satisfaction, and lower relocation and administrative costs. The Task Force believes these practices are worth exploring for application within the Department. A detailed comparison of industry and DoD entitlements is at Appendix G.

# Chapter 5

## The Reengineered Process

To improve the PDT process significantly from the travelers perspective, the Task Force quickly realized that change would have to be revolutionary, not evolutionary. The process must be simplified immediately for travel administrators and travelers. Significant change should mean: realignment of direct-funded DoD assets and active duty personnel toward core military functions and away from support functions, greater consistency in the application of regulations and discretionary statutes among the DoD Components, and more similarity between military member and DoD civilian entitlements and programs. Revolutionary change may mean migration toward contracted support (e.g., relocation services) not bound by current law or regulatory restrictions.

### The Future of PDT

The Task Force envisions a streamlined process that encompasses the following 11 characteristics:

- Expedited orders
- No tax liability for the traveler
- Up front lump-sum payments, with very limited opportunity for additional payments
- A system that migrates from manual processes to computer-based technology
- A system that reduces the differences between active duty members and civilian employees, and the differences between elements of the Department
- A system that simplifies administrative requirements (e.g., workload dedicated to processing PDT, paperwork, reporting requirements) of commanders and travelers
- A system more responsive to traveler needs
- A system that assumes travelers are responsible adults, giving them the discretion to apply the entitled payments toward any aspect of personal relocation
- A system that allows for HHG and vehicle shipment through a contracted relocation service. This means a move away from contractual and statutory requirements to "fair-share" HHG shipments among low cost carriers, and a move towards selection of carriers based on "best value" to include:
  - Improved on-time pick-up and delivery to reduce loss and damage;
  - Third party, non-government responsibility for movement of HHG;
  - Direct claims settlement with the carrier;
  - Full replacement value for lost or damaged HHG; and,
  - Use of commercial business practices

- A system that merges the management of the transportation of people with the management of the transportation of personal property with other ancillary services that travelers need to relocate. (For example, spouse job search, school registrations and records transfer, determination and payment of lump-sums, air transportation scheduling or single source expertise of entitlement publications.)
- Increased readiness and level of productive time by significantly reducing the time necessary for a traveler to manage the PDT process

The Task Force envisions that its proposed reengineered process will yield a net decrease in the cost of administering the DoD PDT process when travelers are given greater flexibility in a relocation move and through reduced administrative and support workload. Although the preponderance of line item cost increases may be to the respective Military Personnel (MP) appropriations, the potential saving would be split between the MP and Operations and Maintenance (O&M) appropriations. Careful intra-service coordination through Program Objective Memoranda (POM) will be necessary to ensure that funds flow between appropriations and savings pay for program cost increases. A matrix at the end of this chapter (Figure 5) shows the Task Force's projection of potential impact of proposed changes resulting from cost adjustments.

## GENERAL RECOMMENDATIONS

**1. Single Process Owner.** There is no single process owner for PDT; rather, several functional areas share responsibility for portions of the PDT process. The result is a patchwork process that has produced fragmented policy implementation. To facilitate implementation of the recommendations in this report and improve the synergy of the Department's PDT process, the Task Force recommends that a single process owner be appointed. Since relocations generally are made to fulfill the Department's manpower, staffing and readiness needs, the Task Force suggests that oversight for PDT be assigned to the Under Secretary of Defense (Personnel and Readiness). This proposal is consistent with private sector practice, where responsibility for personnel relocations generally resides in human resources departments.

**2. Follow-On Study.** The PDT process is extremely complex, with significant variation among the DoD Components. Therefore, the Task Force recommends that a follow-on study be chartered to develop the broad concepts discussed in this report. The Task Force envisions a simplified PDT process that meets the needs of the Department and its Components while providing better service to Service members, civilian employees, and their families. However, such a dramatic change in business practices requires significant time and resources. The scope and complexity of the follow-on effort probably will require a strong commitment from the Department in the form of dedicated human and financial resources for 12–18 months.

## TRANSPORTATION OF PEOPLE RECOMMENDATIONS



The Task Force recommends the transportation of people process be completely redesigned to serve the needs of the traveler and improve operational efficiency. A diagram of the proposed "To-Be" Process Flow Chart for Military and Civilian PDT that might be considered during the follow-on study are at Appendix H. The Task Force also believes that optimal efficiency could be achieved if the process redesign effort explored four industry practices for applicability within the Department. Each practice presents several alternatives that should be reviewed and compared to ensure that the most effective and efficient options are implemented.

**1. One-Stop Shopping.** The Task Force identified two reengineering options (identified below) to address the thousands of hours expended in traveling between the dozen or more places during the check in/out process. This list may include offices, such as the base library, with which the traveler had no contact during the tour of duty but must visit to complete the command-directed checkout process. Each option has its strengths, but the Task Force strongly favors option (b)--the use of a fully integrated automated system. The availability of facilities and funding could result in one option being favored over the other. Implementation may result at some point on a continuum where the two options overlap.

a. One Physical Location. Establish a single physical location where travelers can "one-stop shop" the check in/out process. Process owners will have their primary office or a satellite office with sufficient facilities to process travelers at this facility where travelers can make most (if not all) stops. U.S. Army installations at Kaiserslautern, Germany and Fort Sam Houston, Texas successfully established this kind of one-stop shop for some process owners. The obvious problem with this method is the requirement for dedicated facilities support, and for personnel to staff the site. A physical one-stop shop may make sense as an interim measure.

b. Integrated Automated System. This essentially is the electronic version of one-stop shopping. Within a command or base, provide electronic connectivity to a PDT database for all organizations involved in the check in/out process. The traveler may be "loaded" into the system by the office that takes the lead in the process, such as the base personnel office or, for centrally issued orders, a centralized order issuing authority. The PDT information will include known variables important to determining entitlements, such as old and new duty stations and status of dependents. The lead office may download this information, either from a central order-issuing authority or Service personnel database. The traveler also will enter variables to help plan the relocation and determine the entitlements. The data base (whether managed locally or at a central level) will be enable the calculation of an estimated value of the lump-sum allowance, based on components of the lump-sum allowance (e.g., per diem rates, TLA rates). Lump-sum allowance information may be accessed from a compact disk for home personal computer (PC) use and provided with the PDT orders from the central PDT check in/out data base or a DoD web page. Whether or not this self-service entitlement information is made

available to the traveler, the Task Force recommends the inclusion of entitlement information on any paper or electronic PDT order created for the traveler. For example, a military order may include the following plain language text:

Based on duty station and personnel information known when this order was generated, a preliminary estimate of your PCS entitlement is: \$ X,XXX

- Authorized travel for you from “Point A” to “Point B”, via (POC or AMC flight)
- Authorized travel for X family members from “Point A” to “Point B”
- \$X,XXX Lump-sum payment
- X travel days in CONUS
- Shipment of household goods up to XX,XXX lbs.
- A house-hunting trip (Included in the lump-sum payment)
- Shipment of one personal vehicle

The lump-sum payment is intended to cover costs of personal travel and transportation, including house hunting, meals and lodging, and use of a rental car. Your Personnel Office will verify the amount of the lump-sum payment and provide more details.

**Figure 3--Sample Text for Orders**

Once loaded into the database, the traveler and process owners have electronic visibility of each other. Accessed by the traveler either from an on-base work station or PC, he or she can in- or out-process through the centralized system, arranging appointments if necessary, clearing check out points with electronic signatures and bypassing “stops” not necessary. The system would enable travelers to check in or out of appropriate organizations such as the library, Defense Commissary Agency (DeCA) or the Army and Air Force Exchange Service (AAFES)/Navy Exchange System (NEX) electronically. The system would default to a “cleared” status without requiring direct contact (e.g., an appointment or personal visit). Fort Sam Houston is finding success in a first generation system for out-processing military members.

**2. Simplified Entitlements with Lump-sum Payments.** Currently each allowance that results either in payment or reimbursement to the traveler is treated as a standalone cost and requires filing a separate voucher. The Task Force proposes merging the separate entitlements into a composite lump-sum Permanent Duty Travel/Permanent Change of Station Entitlement payment. The sources of funding to resource of the lump-sum allowance may be the current individual entitlements (e.g., DLA, TLE, MALT, etc.).

The lump-sum allowance would be determined before travel begins, based on qualification or quantification of variables such as dependent status, type of move (e.g., CONUS or OCONUS), or distance between duty stations. The entitlement will be liquidated at the time of payment and will require no additional voucher(s) submission. Over time, some elements of the lump-sum allowance may lose their identity to the traveler, but the components may continue to be sourced back to published rates, such as per diem rates.

A traveler will have the flexibility to use the lump-sum allowance for many PCS-related expenses. The Task Force supports authorizing the traveler to use the lump-sum allowance for all travel expenses including, but not limited to, CONUS and OCONUS temporary lodging, a rental vehicle(s), travel and meals, house-hunting on official orders, and miscellaneous expenses.

The concept of funded discretionary house-hunting is new for Service members and represents one effort to align military and federal civilian entitlements. The Task Force proposes a policy where a Service member will be able to secure transportation with the lump-sum allowance through the servicing CTO and travel on official TDY/TAD orders. The lump-sum allowance may include a factor for house-hunting above the combination of existing entitlement. Regardless, the Task Force believes that military house-hunting creates the potential for decreased Storage in Transit (SIT) costs by facilitating point-to-point deliveries of HHG. Since funded discretionary house-hunting for Service members is a new concept that may not receive congressional support, creation of a lump-sum allowance may proceed faster if it initially excludes house hunting. Once the lump-sum allowance is established, house-hunting may be added, supported by a pilot program demonstration of offset savings.

This Task Force focused on current entitlements and policies and changes that could improve the process. The Task Force proposes that an Implementation Team be formed to deal with refinements and details. The Task Force further recommends that current DoD civilian real estate entitlements not be changed, and that none be added to the military entitlements package because the addition would be too expensive.

<b><u>Notional Lump-sum Payment Calculation</u></b>	
<b><u>Possible Components</u></b>	<b><u>Possible Factors</u></b>
1. Sum previously known as Dislocation Allowance	Pay grade
2. Cost of transportation over land between duty stations	Rate per mile; one rate w/o family, one rate for w/family
3. TLE/TLA/TQSE/TQSA	Published diem rate.* Very restricted extension policy.
4. House-hunting trip	Civilian: added to lump-sum
	Military: Taken, if desired. Funded out of lump-sum; booked through CTO on official TDY/TAD orders.
* The base daily rate for these allowances will be the per diem rates published in the JFTR/JTR. Actual daily rates are to be determined. For example, the rate for traveler without dependents may be 90% of the published per diem rate while the rate for a traveler with dependents may be 125% of the published per diem rate.	

**Figure 4**

The Task Force recognizes that the lump-sum allowance may be no larger than the

combination of current entitlements (see figure 4 for a notional calculation of lump-sum payments). Supported by strong data from the private sector and with a new degree of flexibility, the Task Force believes that the opportunity for personal financial gain will motivate travelers to find the most economical way to make the move and pay for necessary travel expenses. Because the lump-sum is disbursed on a single voucher at the time of payment, no "overpayment" can exist--the traveler would retain any portion of the lump-sum not spent on travel expenses as discretionary income. A lump-sum single voucher method would reduce significantly the time spent with voucher preparation, review and reconciliation. Use of their method would eliminate problems of unliquidated PDT obligations and unmatched PDT disbursements.

The extent of regulation covering PDT entitlements has been discussed in this report. The complexity of entitlements results in a major problem. Since a single source or office cannot be familiar with all the rules, DoD travelers routinely get different answers to the same question. Rules need to be simplified, and the JFTR, JTR and other governing publications need to be shorter and written in simple language that inhibits Service-specific interpretation and implementation. The Task Force recognizes that the level of detail in these publications often results from a need to address circumstances unique to the Armed Forces (e.g., sea duty, temporary duty under instruction, unit travel); however, the Task Force believes simplification is an attainable goal.

The Task Force suggests using lump-sum payments, adjusted for variables such as distance, dependents, pay grade, and duty station(s). Funding should be provided to cover house-hunting trips for Service members on official orders. Except for government-provided transportation, such as AMC to/from OCONUS, lump-sum payments should be used for all travel related expenses. Single lump-sum travel payments should be made with no after-the-fact vouchers; the traveler would assume the risks or gains of using more or less of the lump-sum travel payment.

a. CONUS/ OCONUS. The OCONUS lump-sum allowance will differ from its CONUS lump-sum counterpart because of the variables (most notably temporary lodging) that comprise the payment. In all cases where payment of an allowance for temporary lodging is authorized, the Department would incorporate that payment into the lump-sum allowance. In cases where the maximum payment of the allowance is capped at a relatively short period (e.g., TLE-ten days total between lodging at old and new duty stations), the factor for that allowance into the lump-sum would be based on the number of days that the Department historically pays for TLE, at a rate derived from the locality per diem rate. For example, if the Department historically paid nine days per diem on PDT vouchers, the factor into the lump-sum will be some number of days not greater than 9 days.

In cases where the maximum payment of the allowance is longer (e.g., 60 days for TLA OCONUS), the factor for that allowance into the lump-sum entitlement would be based on the number of days that the Department historically pays for TLA in that geographic area, at a rate derived from the locality per diem rate. For example, if TLA payments in Naples, Italy historically average 55 days, the allowance lump-sum factor may be set at 45 days. The advance cash payment provides the incentive to find accommodations as soon as possible. Recognizing the unique circumstances associated with locating acceptable overseas housing, opportunity for

extensions may be included in the policy. Extensions would be tightly controlled, limited to situations such as non arrival of household goods, acts of God, and delayed availability of quarters assigned to a specific billet (e.g., Commanding Officer).

b. Junior Enlisted, High Risk Categories, First-Time Travelers, Traveler Education.

1. The implementing organization may determine that lump-sum payments should be split--some portion paid before travel and the remainder after travel. Use of a debit card rather than a cash advance is appropriate.

2. The Integrated Automated System/electronic one-stop shop should include an expanded training module that begins with the question, "Is this your first PCS move?" This module will walk the travelers through the process, show them the steps and stops, advise of potential pitfalls, and offer financial management advice.

3. Process owners report that the most serious complainers did not attend pre-move information sessions, such as Smooth Move provided by the Navy in Naples, Italy. The host command that processes most functions of relocation does not have a method to enforce attendance but, regardless, must respond to the traveler's ignorance of information provided at the sessions.

**3. Centralized Program Administration.**

a. Automation. The Task Force vision for the final reengineered product is fully to exploit electronic technology, e.g., computers, the Internet and the World Wide Web and envisions a DoD or Service-specific centralized program administration of the automated functions of PDT--with linkage of the local systems described above. As each local PDT processing station is brought on line, the station would be linked, via the Internet, to all other existing stations. If the station is not directly linked, a menu driven or automated seek-and-find mode needs to be available that connects to and exchanges information with "interested" sites, such as the next duty station and/or host base of that unit. Linkage may be direct or between stations through a centralized service or a DoD regional clearinghouse. Linkage should piggyback on existing systems, such as the Defense Travel System (DTS) or the connection that carries financial information to and from the Defense Finance and Accounting Service, to make full use of their links to other data bases, such as per diem tables. The linkage may be used to transmit personnel and financial documents to the gaining organization, thereby reducing the dependence on hard copy records. (Currently, military records are hand carried. Civilian employee records are forwarded by registered mail, only after being requested by the gaining organization after the new employee arrives. Electronic transmission may reduce the potential for errors in civilian pay and in authorized leave records since, in most cases, the traveler will be paid and have had leave processed by different finance and civilian personnel offices.) The complexity of this system makes design and implementation a prime target for contracting.

As an example, the Naval Support Activity (NSA) in Naples, Italy has a Home Page ([www.naples.navy.mil](http://www.naples.navy.mil)) with a section dedicated to providing information for Service members before they arrive. If a traveler loaded NSA Naples data into the local PDT database as

the destination duty station or host command, that local system automatically would seek and open the NSA Naples's Home Page.

With the availability of electronic transfer of information and the proposed termination of after-the-fact vouchers, the Task Force suggests that the Services revisit the requirement for "hard copy" orders.

b. Outsourcing. The automation proposal described above may be an opportunity for outsourcing the design and construction of the system, and management and administration of a centralized PDT process.

c. Retain Within DoD. The Implementation Team should evaluate whether those functions are best served by retaining the process within the Department or splitting the functions between commercial outsourcing and DoD assets. Centralized management, whether contracted or in house, would facilitate consistent interpretation of statute and regulation.

**4. Customer Advocate.** The Task Force position on the Customer Advocate is not firmly defined; it recognizes that the role and relationship of an advocate will be best defined by the follow-on Implementation Team. That group may determine that an advocate is not necessary, that sufficient program oversight exists, and that assignment of an advocate only adds an unnecessary administrative layer. The Task Force believes that some mechanism should be in place to act on the traveler's behalf during the check in/out process and while in transit if issues cannot be resolved by the traveler, particularly in those cases that require special needs and considerations (e.g., Exceptional Family Member program). A Customer Advocate may be in a local office that loads the traveler into the central PDT database, and who monitors the progress of the check in/out process. Alternately, the Customer Advocate could be centralized at an office that maintains the DoD-wide PDT database discussed earlier. The advocate function could be as remote as a toll free phone number or may be an expansion of a local relocation service or in-place DoD office such as the Family Service/Support Center's Relocation Assistance Program.

OCONUS travelers rely on the sponsor program, but the program depends on command interest and the personal commitment of the assigned sponsor--the program is personality driven. Focus group members reported that participation and degrees of success covered the spectrum from "perfect" to "non-existent." The Implementation Team may consider a "professional" sponsorship program or a reimbursement program for assigned sponsors. It may consider having the Customer Advocate assume these responsibilities.

## TRANSPORTATION OF PERSONAL PROPERTY RECOMMENDATIONS

The Department pays more than \$1.2 billion annually to more than 1200 carriers that complete more than 650,000 moves. Under the current system, the Department pays more than \$100 million every year in claims submitted for lost or damaged personal property. The Department is the moving industry's largest customer, yet its damage rate is at least 25 percent compared to private customers average of 10 percent.<sup>3</sup> Empirical data shows that the 25 percent claim rate understates actual rates because many travelers do not file claims due to the cumbersome and time consuming process.

The Department is pursuing four initiatives to improve how it obtains, assigns and uses moving services so DoD personnel receive a level of service consistent with their expectations. These initiatives accommodate testing a wide range of options to identify the best method for improving the quality of personal property movement and storage.

**1. Hunter Army Airfield Test.** The Army contracted a commercial relocation service at Hunter Army Airfield, Georgia to test outsourcing of personal property shipments. The test began in July 1997 as a one-year contract with renewal options. This program follows the trend of the private sector and divests the Department of personal property management. The contractor becomes the single point of contact for the Service member for arranging all aspects of HHG relocation from the old to the new duty station. The project includes several services that families did not receive in the past-such as full replacement value for damaged and lost household goods. The member or employee can request that the commercial relocation services arrange sale, purchase or rental real estate services at the old or the new duty station for a fee. The relocation pilot is designed to improve overall service, and reduce claims, administrative costs and property damage, while integrating all aspects of the HHG process from the traveler. Preliminary results indicate a 95 percent satisfaction rate with a 6 percent reduction in overall costs. The Department is considering expanding the program if customer satisfaction levels and program costs remain consistent with program goals.

**2. Sailor Arranged Moves.** The Department of the Navy, in coordination with the Military Traffic Management Command (MTMC) and the other Military Services, began a program in January 1998 that allows Service members to choose a local carrier from a list rather than being assigned a carrier based on the MTMC's contracted tonnage distribution. Offering members a choice will help tailor service to their specific needs, give them more control over the move process, provide a better quality move, and reduce damage and claims. The features of this initiative include: fair payment for quality service, a toll-free help line, in-transit visibility, a pager so the traveler can be notified of HHG availability for immediate delivery, payment via the government purchase card, full replacement cost protection, direct claim settlement with the carrier, and tailored counseling. The test covers moves from Bremerton, Washington to five pre-selected locations and is limited to active duty military.

**3. Personal Property Pilot Program.** The MTMC is initiating a Personal Property Pilot Program in the fall of 1998 to pursue a "best value" contract. The goal is to improve the

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<sup>3</sup> Information briefed by MTMC to the PDT Task Force meeting of September 15, 1997.

quality of personal property shipping services for DoD personnel through a competitive, FAR-based contract. This initiative shifts away from the current low cost program of non-competitive bidding, which allows all carriers to match the lowest bid and represent themselves with several company names (paper companies) to obtain more shipments. This pilot program was reengineered jointly by the Department of Defense and industry representatives. The objective is to provide corporate quality service and achieve damage-free moves through the use of commercial business practices and improved on-time pick up and delivery. The pilot incorporates internet based technology in communications between the contractor and the DoD Transportation offices. It also introduces an investigative auditor into the process to ensure that invoices are passed to DoD for payment and that customer surveys are conducted. The MTMC includes origin test sites in North Carolina, South Carolina and Florida.

**4. Enhanced DITY Program.** Increased payment and rule simplification of the DITY program. Under DITY, and with Service-specific constraints, Service members can move their own household goods and now are reimbursed 95 percent of the government cost of moving the same material. Nevertheless, the system is encumbered by frustrating rules and procedures, including the methods of determining HHG weights, providing costs of actual expenses, and limitations on what can be hired out.<sup>4</sup> Proposed legislation would allow Service members to hire out or contract for aspects of a DITY move (e.g., packing, crating, and loading) which currently must be done by the member. The legislation also would authorize a single, up-front payment. Near term costs of the alternative will be absorbed within the Services' budget authority, and savings will be retained by the Services for internal reallocation. Assuming participation growth compensates for the reimbursement rate increase, the overall cost of household goods shipment should decrease, based on storage and transit cost savings, significant savings from not paying damage claims, avoidance of administrative costs of supplemental Government Bills of Lading for government arranged moves, and avoidance of accessorial charges.

USTRANSCOM will evaluate the Army, MTMC, and Navy pilot programs as part of a measured plan to improve significantly the quality of personal property movement and storage for DoD personnel. Upon completion of these pilot programs, and in coordination with the Services, USTRANSCOM will recommend follow-on steps and timelines for implementation of this Secretary of Defense quality of life initiative throughout the Department.

### Summary

The PDT Task Force review was a comprehensive effort. We believe that the PDT process is labor intensive, inhibits the Department from efficiently managing resources, and forces travelers to shoulder a heavy financial and administrative burden whenever a relocation occurs. Major changes needed to streamline the process include--the method in which entitlements are paid to employees, and the systems that are used to administer the process.

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<sup>4</sup> Although unquantified, the Department speculates that the former 80 percent reimbursement rate and these rules inhibit program use. On December 17, 1997, the Deputy Secretary authorized increasing the reimbursement rate to 95 percent by February 1998 and directed the U.S. Transportation Command (USTRANSCOM) to prepare the required legislation to simplify the DITY process.



The transportation of people process needs to be improved. Specific enhancements that need to be developed include:

- Move to a one stop-shopping concept so that travelers are not spending excessive amounts of time to plan and complete the process.
- Simplify entitlements to minimize misinterpretations and reduce administration.
- Initiate lump-sum payments to travelers for entitlements to reduce paperwork required to provide travelers with financial resources and eliminate unliquidated obligations.
- Centralize PDT program administration from policy to systems administration.
- Identify a Customer Advocate for each traveler that is relocating. Many times, DoD travelers have minimal knowledge of the process; consequently, they do not transition easily. This problem is also observed in some of our experienced personnel. A Customer Advocate would aid the traveler by answering questions and providing assistance throughout the planning and execution of the trip.

The transportation of personal property process also needs to be streamlined. Five separate efforts are underway in the transportation community to improve the movement of household goods. These efforts are being used to test a variety of concepts that the PDT Task Force identified as “best in class” processes:

- Outsource personal property shipments to include full replacement value for damaged and lost household goods, and optional commercial relocation services for the rentals, and the sale or purchase of real estate.
- Allow the traveler to select a household goods carrier from a list rather than being assigned a carrier based on the MTMC contracted tonnage distribution. Other features of this test are toll free help lines, in-transit visibility, pagers to enable immediate delivery, direct claims settlement with the carrier, full replacement cost protection, and counseling.
- Select contractors using a “best value” approach through performance based FAR contracting.
- Increase the DITY reimbursement rate from 80 percent to 95 percent (effective February 1, 1998).

Although the budgetary impact of these changes cannot be quantified at this time, the Task Force envisions a monetary benefit to the Department if these changes are implemented as outlined in Chapter 6. In addition to completing several other tasks that are needed to complement this concept, the follow-on initiative should focus on constructing reasonable cost estimates. Figure 5, below, illustrates the potential impact these changes will have on major funding areas.

### Potential Impact of Proposed Changes Projection

	<u>Cost increase</u>	<u>Cost neutral</u>	<u>Cost decrease</u>	<u>Appropriation</u>
Relocation Service				MP/O&M
- Relocation of HHG	X			
- Storage in transit			X	
Lump-sum				MP
- House hunting*		X		
- Temporary lodging			X	
- Dislocation allowance		X		
- Personal transportation/per diem			X	
Damage Claims			X	O&M
O&M Support (existing process)				O&M
- Voucher processing			X	
- Infrastructure			X	
- Support staff			X	
MP Support (existing process)			X	MP
- staff				
POV Shipment		X		MP
Central/Automated Program Administration	X			O&M

**Figure 5**

The projection of potential cost increases and decreases are not based on financial analysis; they are based on intuitive reasoning, common sense, and experience with the private sector. For example, one private company cited its experience with payment for temporary lodging. When employees were reimbursed for the authorized time of 30 days, everyone claimed and received 30 days of temporary lodging. When employees were paid an up-front, lump-sum, the company reported that actual time spent in temporary lodging dropped from 28 days to 2 days. The company concluded that the opportunity for personal financial benefit (keeping the unspent lodging allowance) was an exceptional motivator.

\* Not yet determined.

# Chapter 6

## Implementation Strategy

### General

The PDT process is an extremely complex system with significant variation among the DoD Components. Therefore, the Task Force recommends a two-phased implementation approach. First, it proposes the formation of an Implementation Team to refine and develop the basic concept of operations discussed in this report. Team responsibilities would include initiating and overseeing an orderly, integrated DoD transition from the current PDT process to a reengineered process. The work of this team early in the project will set the stage for the second phase: pilots of the concepts at select locations with further refinement before DoD-wide implementation. Throughout both phases, the Implementation Team would work under the auspices of the USD(P&R), and in coordination with the Project Management Office-Defense Travel System (PMO-DTS). The proposed follow-on responsibilities for the PMO-DTS will require a change in scope and charter, as well as increased staffing and dollars. This chapter discusses this strategy, the composition of the team and the actions that the PDT Task Force identified as necessary to improve the current system. All of these actions support the chartering objectives to streamline the PDT process while reducing costs and providing better service for DoD travelers.

The Task Force envisions a simplified PDT process that meets the needs of the Department and its Components while providing better service to Service members, civilian employees, and their families. To ensure success, the Implementation Team must prototype and pilot proposed applications, facilitate and monitor implementation, and completely reevaluate internal controls as part of the reengineered process. It also will need to develop new rules that must be approved by the Per Diem, Travel and Transportation Allowance Committee (PDTATAC) and, for civilians, work changes in concert with the GSA and the State Department. As in business travel reengineering, the Department and the Military Services must support the team by ensuring:

- Senior leadership involvement, commitment and continued support throughout the entire implementation process.
- The commitment of resources up front, in terms of people and funds, to fully implement the plan.

In addition, several key actions, which the Task Force considers to be critically matched sets, must be accomplished together. The Implementation Team will be responsible for synchronizing these actions. For example, if one objective is to maximize the use of the government travel card, issues that should be considered together include: rapid reimbursement, management structure for card use, education and training, and simplified entitlements.

## **Critically Matched Sets**

<b>Objective</b>	<b>Critically Matched Sets</b>
Authority	Central Authority Simpler Entitlements – Lump-sum Payment Simpler Accounting
Arrangements	One Stop Shopping Centralized Program Administration Standardized Enforcement Customer Advocate
Payment	Lump-sum Payment – EFT Education and Training Simpler Entitlements
Reconciliation	Lump-sum Payment – EFT Simpler Accounting
Accountability	Single Policy (Program Administration) Uniform Enforcement of Rules

**Figure 6 - Critically Matched Sets**

### *Team Composition*

Any task force committed to DoD process improvement must establish a multi-disciplined, multi-service approach. This strategy worked well in the PDT Task Force and should work as successfully for the Implementation Team. The PDT Task Force believes the most effective team will include representatives from OSD, the DoD Components, and private consultants, as required, to gather relevant data and propose business solutions. Organizational leaders and affected agencies must commit to this effort by providing functional experts from these agencies. The duties of Implementation Team members must take precedence over all other responsibilities. The team, as a minimum, should include members from the finance, personnel (field and headquarters levels), transportation, civil engineering, housing, family support services, legal, medical, and communications communities. Union leadership should also be offered the opportunity to appoint a representative to the Implementation Team. This will enable union-related concerns to be addressed before implementation begins.

### *Strategy*

Implementation covers two broad fronts. The first is concept development by the Implementation Team. The team will thoroughly refine the concept proposed in this PDT report, conduct cost/benefit analyses of recommended solutions, and prepare appropriate legislative recommendations. The second stage includes formal PMO-DTS oversight of all required actions to pilot and fully implement the reengineered PDT system.

An OSD senior official should chair the Implementation Team, provide all logistics and administrative support, and periodically update the Deputy Secretary and other key leaders on progress, issues, areas of concern and recommendations to resolve problems. The Implementation Team initially will work under the auspices of the OUSD(P&R) while refining PDT recommendations. During this time, the Implementation Team should establish formal

coordination lines with the PMO-DTS, providing periodic updates on the reengineering concept and progress on milestones. After the Implementation Team has sufficiently refined the concept and received Deputy Secretary approval, it will relinquish responsibility for and control of concept implementation to the PMO-DTS. However, Implementation Team members will remain a vital part of the implementation process under the OUSD(P&R) and serve as functional experts on designated PMO-DTS teams, as appropriate. Key duties include responsibility to:

- Identify implementation priorities. Reengineering a complex system requires an incremental approach. The Implementation Team must identify logical priorities, and structure implementation accordingly, while keeping the "whole" project moving forward.
- Coordinate all implementation actions, keeping process owners focused on the overall goal and implementation strategy.
- Send teams to pilot locations to prototype, pilot, facilitate and monitor how the new system works in a controlled environment. Collect and analyze data on pre-identified performance measures. Fully integrate personnel at pilot locations by--
  - ♦ training personnel who work in the process. The feedback these people provide is invaluable. They must understand the vision, goals and objectives of the reengineered system.
  - ♦ ensuring that personnel at the test site completely understand their role and decision-making boundaries in the test.
  - ♦ establishing reliable, effective communications with test site locations. Test site personnel must be able to quickly and easily surface issues and concerns.
  - ♦ establishing common terms with test site participants. This will facilitate the tests as well as full DoD implementation.
  - ♦ educating DoD personnel on the new system. Tailor training to process owners and to travelers as customers.
  - ♦ fully analyzing and evaluating test site data. As in business travel reengineering, the Implementation Team will gain valuable knowledge and feedback critical to bringing the reengineered system to full implementation.
- Develop "buy-in" from the middle. While senior DoD leadership is committed to this change, and people closest to the service delivery likely will be supportive, successful implementation is contingent on support from installation commanders, major commands, labor unions, private sector trade associations and service providers.

- Market the new system throughout the Department. Present the global view of the new system, articulating the compelling need for transitioning from the current one. The travel system affects all DoD personnel. The new system has much to offer, including the following:
  - ♦ Mission focused. Frees people's time, putting productive hours back in the mission.
  - ♦ Traveler focused. Emphasizes quality care for our most important resource, our people.
  - ♦ Resource focused. Potentially cuts overhead, that *can be retained* for service use.
  - ♦ Overcome resistance to change. Helps the skeptics overcome problems with the new system.
  - ♦ Understand and respect the cultural differences within the Services. Recognizes that each Military Service has a unique mission that has evolved into cultural differences that must be respected.
  - ♦ Remain mission focused and flexible. Allows each Service as much discretion as possible, without undermining the goals of the reengineering.
  - ♦ Develop a common bond by ensuring all personnel know what others do in the system, and how their jobs contribute to the overall mission. Helps personnel focus on the entire process, not only their part of the process.
- Develop new organizational structures, communication and coordination mechanisms as required to support the new system.
- Incorporate strong internal controls into systems planning and development processes. Devise, test and continually refine internal controls necessary to prevent fraud, waste, abuse, errors and mischarging. Assign designated officials specific internal control responsibilities throughout the reengineering process. Current internal controls will no longer be effective as the changes envisioned in this report are implemented.
- Emphasize that change is a continuous process and absolutely invaluable to the reengineered system.
- Formal PMO-DTS oversight will follow all prescribed guidance contained in the appropriate publications. PMO-DTS oversight will include formal concept development of the reengineered system, concept testing and all required actions to bring the system to full operational capability throughout the Department. The PMO-DTS is the ideal location for PDT reengineering implementation and will absorb all implementation responsibilities. This will help eliminate stovepiping, employ economies of scale, take

advantage of existing technology, and allow for one Defense Travel System capable of handling all phases of both temporary and permanent duty travel. Appropriate personnel positions will be added and validated by the Department.

### Milestones

What follows is a very aggressive, optimistic timeline that is based on using the existing PMO-DTS. Deviations from this concept will significantly extend the period required for implementation. Establishing a new PMO would result in a significant learning curve, void any economies of scale resulting from previous lessons learned, and cause us to needlessly "reinvent the wheel." The milestones reflected below do not include formal PMO milestones; instead, they will be developed as the project proceeds and as the PMO becomes formally involved.

**Jun 98-Jul 98:** Continue the existing DoD Travel Reengineering O-8 Steering Group consisting of Flag/Senior Executive Service representatives from Military Services and other key DoD Components; Implementation Team members identified. Arrange contract and "on call" support to conduct cost/benefit analyses of options, determine accurate direct and hidden costs of the entire PDT process, and arrange for other support as required. Organize and brief the Implementation Team on the PDT report and key responsibilities.

**Jul 98-Oct 98:** Organize sub-groups/teams as required to meet implementation objectives.

- Develop, coordinate and approve policies
- Initiate review of tax initiative implications
- Develop implementation plan with supporting performance criteria
- Develop performance criteria for concept development

**Oct 98-Nov 98:** Brief concept to O-8 Steering Group, followed by update to the Deputy Secretary. Brief the PMO formally on concept status.

**Apr 99-Sep 99:** Complete cost data and cost/benefit analysis complete. Complete tax study. Draft legislation, as appropriate.

**Jul 99-Oct 99:** Complete concept development.

**Sep 99-Dec 99:** Brief O-8 Steering Group, then the Deputy Secretary. Designate responsibility for implementation. DoD Components are organized internally to support PMO implementation.

## Team Taskings

**Refine Implementation Plan.** Although this report provides sufficient information to initiate implementation planning, the Implementation Team will need to develop appropriate milestones to guide all parties. While initially very generic, these milestones will become specific as the project progresses. This is a critical process; the milestones must, flexible enough to absorb changes and to allow redirection. A key step is earning the support of the DoD Components for the implementation plan and milestones. The Travel Reengineering O-8 Steering Group has proven to be essential to progress, as shown in Business Travel Reengineering. The Implementation Team must commit itself to a comprehensive, realistic plan with comprehensive milestones by August 1998.

**Concept Development.** The PDT divided concept development into two major parts. The first concerns a review of and revision to current entitlements. The second includes the actual PDT process and the supporting infrastructure. Actions must be complete by May 1999.

**Entitlements:** The PDT Task Force vision for allowances and entitlements was addressed in Chapter 3. As discussed in that chapter, current entitlements are cumbersome, difficult to understand, and costly to administer. The PDT Task Force established the basic direction with up-front, lump-sum payments to ease the burden on travelers while reducing administrative overhead. It left the Implementation Team with the responsibility to define clearly the specific structure and amounts of those entitlements. The Implementation Team must make those determinations, taking care to protect current authorizations and entitlements while ensuring that the PDT process is fair and decreases overall costs. Simplicity is the key. The Implementation Team should carefully review simplified business travel entitlements. They serve as an excellent model when considering the possibilities for PDT travel entitlements.

**PDT Process and Supporting Infrastructure:** Technology offers tremendous potential for any reengineering initiatives. The PMO-DTS is making exciting strides to a reengineered system that will rely on automation through a common user interface (CUI). The PDT process is equally open to technological innovation. The PDT Task Force vision includes "one stop shopping" for military members, civilian employees, and their dependents. The CUI concept puts the traveler in control to relocate, with most actions made through a computer terminal. As a result, the travelers save time and the DoD Components might reduce overhead; a cost benefit that, if realized, should remain in the appropriate DoD Component to be used as needed. The retention of potential savings also should facilitate Component buy-in. This concept has the potential to increase effectiveness, decrease costs, and make the move less disruptive for our Service members, civilian employees, and their dependents. Ultimately, our people and their families will arrive at their new duty locations better prepared to make the adjustments and go to work.

The PMO-DTS would take the primary lead here, but DoD Component input is vital to the process for three reasons. First, Component policy requirements must be addressed. Whenever possible, PMO actions should support Component policies, not denigrate them. Second, significant differences in Component philosophies must be considered by the PMO. Otherwise, the emerging system may not adequately support objectives and policies. Finally, functional representatives provide the information and experience vital to any reengineering



process. For example, the disposition of housing at the losing location and the attainment of housing at the gaining location are major issues of both cost and quality. Therefore, real estate, housing, and quarters issues must be addressed in detail by the Implementation Team. Specifically, Team members will complete and coordinate detailed specifications of the whole-system design and variations to be prototyped.

The Implementation Team also must consider the concept of "relocation managers." Many companies now contract for relocation support actions, relying on third party agencies to serve as the Customer's Advocate. This Implementation Team must consider how this concept could apply to the Department, taking into account technological advances and the volume of people DoD moves annually. The Implementation Team should use the pilots conducted by the Army and Navy, as well as data from "best in class" firms visited by the PDT Task Force to determine the most logical, cost effective method of providing relocation services. This data should be considered in the context of effectiveness when extended over the volume of DoD moves, rather than simply weighed against a particular operation or company.

**Cost/Benefit Analysis.** The Implementation Team should conduct a cost/benefit analysis to assess fully the actual costs of the current PDT process, the impact of potential changes and the impact of altering the tax structure as it relates to DoD travelers. More specifically, the PDT Task Force strongly believes in enhancing support for DoD personnel by eliminating the RITA, with tax relief for all relocating Service members using DITY moves and civilian employees. This is a key item, with a long lead-time to legislate. It has critical legal and financial ramifications that will establish some boundaries for a reengineered PDT concept. Contract support should be completed by March 1999.

**RITA is cumbersome, complicated and confusing.** Program administrators spend a great deal of time and effort tracking employee expenses and filing claims necessary to obtain the payments. The Implementation Team should review financial and practical implications of options to reduce the administrative burden of managing the program. Possible options include, but are not limited to:

1. Seeking relief from the IRS so that relocation benefits our travelers receive are not taxed, allowing for elimination of the RITA;
2. Eliminating the time-phased portion of the RITA by increasing the amount of the initial benefit so it covers the entire tax burden the first year, rather than extending RITA administration over 3 years;
3. Providing alternative forms of nontaxable reimbursement or adjustments to relocation expenses to the employee. The Implementation Team must carefully weigh the benefits of reducing the time that travelers spend away from work, even if recommended changes do not produce cost benefits. In addition, cost benefits should not be the only factor used to determine the benefits associated with adopting a particular relocation initiative over another.

**Performance Measures.** The Implementation Team must develop key performance measures to meet three principal objectives: concept development; implementation planning; and

test site evaluation.

a. Concept Development. The Implementation Team must refine the concept of operations. By establishing performance measures that meet the needs of the DoD Components, the team can be sure concept development supports law and overall DoD policies, while supporting appropriate DoD Component policy. One technique the Implementation Team may wish to consider is the "Go/No Go" concept the DTS-PMO currently uses to determine whether all required actions are on track, using a simple color coding system to raise issues and problems. The Implementation Team must develop an effective tracking and problem solving system with an objective mechanism for keeping the project on track. It should also use the tests conducted by MTMC, Army and Navy, as well as data from "best in class" firms visited by the PDT Task Force to determine the most logical, cost-effective method of providing relocation services. Internal controls will be addressed in this phase. The team also should set specific milestone dates, where applicable, for the following.

- Maintain interface with the DoD Travel Reengineering representative to the Joint Financial Management Improvement Program (JFMIP)
- Maintain interface with DoD process owners relative to GAO and congressional investigations on permanent duty travel
- Ensure the payment module of the design meets Defense Finance and Accounting Service (DFAS) and JFMIP requirements; develop a random audit concept and secure approval-resolve questions on payment liability before initiating any pilots
- Secure PDTATAC approval that the computation correctly reflects the entitlements before initiating any pilots
- Ensure Federal Financial Management Improvement Act (FFMIA) requirements for DFAS review for accuracy, or GAO review of the system design, as appropriate, before initiating any pilots

Develop performance criteria by August 1998 to ensure actions remain on track.

b. Implementation Planning. Implementation Team members must develop meaningful measures of merit to ensure that implementation planning and actual implementation proceeds on schedule. As in concept development, these measures keep the team focused on building a solid foundation. Equally important, these measures provide an early warning system for resolving issues and problems.

Implementation Team members must construct a well defined structure within which to analyze data and the initial recommendations, and to support full implementation of the new PDT system. It should include, as a minimum:

- A method for costing all phases of testing and implementing any initiatives

- A statement identifying the quality performance measurements used at each level of analysis
- A comprehensive milestone plan for analyzing, testing, evaluating and implementing any initiatives, built on the initial plan included in this report
- A well-orchestrated plan for obtaining corporate buy-in from all DoD Components involved in the PDT relocation process

The Implementation Team also must construct an effective information campaign to educate travelers throughout the Department on the reengineered system during the planning and implementation phases. Well-timed, well-constructed advertising campaigns will prevent confusion and enhance traveler acceptance of this new process. One such mechanism is the construction of a DoD web-site for use during testing and implementation of the reengineered process. The site should include, as a minimum, the following:

- Purpose and content of the site
- References and hotlinks to other PDT associated Web-sites
- Current stage of testing or implementation
- Results expected from the current phase of testing or implementation
- New or changed material provided since the last update
- E-mail address where viewers may send questions, comments and suggestions

c. Test Site Evaluations. In coordination with the PMO-DTS, the Implementation Team will develop a "pilot" plan with supporting performance criteria. To the extent possible, the team must capture the results from existing pilot sites to reduce costs, and incorporate lessons learned into proposals. Implementation Team members must review the performance criteria the Temporary Duty Task Force developed for its pilot sites and adopt proven ideas whenever possible. However, it must not limit its conceptual framework to this work. The PDT process is far more complex than Temporary Additional Duty (TAD)/Temporary Duty (TDY) travel, and likely will drive significant changes to the required PDT performance criteria. Finally, the Implementation Team must not rush the pilot phase. The Implementation Team will have a great deal of data, and must carefully develop the performance measures required to support successful implementation. Completion dates need to be determined.

- Select pilot locations that have a large volume of moves for each Service in coordination with OSD process owners and obtain DoD Component headquarters' approval
- Train pilot site personnel, customers of the system, site leadership, and stakeholders within the DoD Component

- Coordinate with process owners before the start of pilots to adjust elements of the system if required regulatory or statutory changes are not accomplished (or waivers have not been received), or required contractual arrangements are not in place; incorporate them as they are formalized
- Maintain communication with pilot sites (travelers and process owners) to obtain feedback (a help desk/phone line and random calls are recommended to ensure feedback from travelers)
- Monitor, evaluate, and report on results of pilots. Use lessons learned to make system improvements
- Develop recommendations for system implementation DoD-wide, and on moving the Department toward a paperless, seamless, automated PDT system
- Develop recommendation on a permanent coordination mechanism, or establishment of a single point of overall accountability, for the PDT process

### *Task Force Conclusion*

This plan outlines the basic framework to launch the Implementation Team. The PDT Task Force neither planned, nor intended this report to be a comprehensive document. Implementation Team members will use it as a foundation to build a more detailed and comprehensive plan. From this standpoint, follow-up Implementation Team must remember four key points. First, creative thinking is crucial to this reengineering effort. Second, remain focused on chartered goals. Third, keep all stakeholders actively engaged throughout the process. Fourth, do not produce a weak or incomplete product to meet arbitrarily assigned completion dates; a large portion of DoD Component and field level buy-in comes from providing a good product, not a flawed product which leaves them “holding the bag.” If the Implementation Team follows these guidelines and learns from other reengineering efforts, its work should yield spectacular results.

# **Appendix A**

## **Task Force Charter**



OFFICE OF THE SECRETARY OF DEFENSE  
WASHINGTON, D.C. 20301

20 AUG 1997

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
CHAIRMAN OF THE JOINT CHIEFS OF STAFF  
UNDER SECRETARIES OF DEFENSE  
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE  
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE  
DIRECTOR, ADMINISTRATION AND MANAGEMENT  
DIRECTORS OF DEFENSE AGENCIES  
COMMANDER-IN-CHIEF, USTRANSCOM

SUBJECT: Department of Defense (DoD) Task Force to Reengineer Permanent Duty Travel

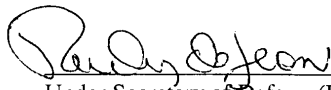
Recent successes in our initiative to reengineer travel make this an opportune time to extend the lessons learned from this effort to conduct a comprehensive review of the DoD Permanent Duty Travel. Accordingly, as directed in Management Reform Memorandum #14, we are establishing a "DoD Task Force to Reengineer Permanent Duty Travel."

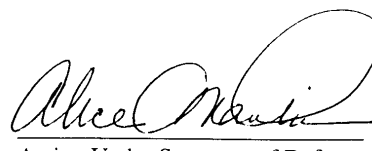
This task force will use a "clean sheet of paper" approach as it evaluates and analyzes the entire permanent duty travel process. Specifically, it will develop a more responsive and fair permanent duty travel process for all DoD organizations. The scope of the reengineering effort will include all travel processes that support military and civilian permanent duty travel.

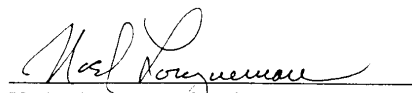
At a minimum, the new process must: (a) meet the operational mission needs of the Department, (b) improve service to the customers of the process, and (c) reduce overall costs to the government. The task force shall consider the views of all stakeholders in the process to include the financial, functional, and entitlements communities. The recommendations must be based on best commercial practices and will maximize private sector participation.

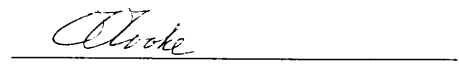
The task force will document fully all analyses, and it will develop a strategic plan (which describes the conceptual framework) and a transition plan (which outlines how the new concepts will be implemented). The task force review will include all aspects of Permanent Duty Travel, policy, regulations, acquisition of commercial travel services, and integration into the previously reengineered Defense Travel System (DTS). The task force is expected to report findings and recommendations in January 1998.

We solicit your support in assisting the task force in their efforts and look forward to working with you to improve our current permanent duty travel process. Ms. Karen Cleary Alderman, Director of Performance Measures and Results, (703) 614-9148, Ms. Mary Lou McHugh, Assistant Deputy Secretary for Transportation Policy, (703) 697-6551, and Colonel Al Brendsel, Principal Director, Deputy Assistant Secretary of Defense, Military Personnel Policy, (703) 697-4166 will co-chair the task force.

  
Under Secretary of Defense(P&R)

  
Acting Under Secretary of Defense  
(Comptroller)

  
Under Secretary of Defense(A&T)

  
Director of Administration and Management

# **Appendix B**

## **Task Force Participants**



# Task Force Participants

## Chartering Officials:

Name	Office
Mr. Rudy DeLeon	Office of Under Secretary of Defense (Personnel and Readiness)
Ms. Alice Maroni	Office of Under Secretary of Defense (Comptroller)
Dr. Noel Longuemare	Office of Under Secretary of Defense (Acquisition and Technology)
Mr. D. O. Cooke	Director of Administration and Management

## Co-Chairs:

Name	Office
Ms. Mary Lou McHugh	Assistant Deputy Secretary for Transportation Policy
Ms. Karen Cleary Alderman	Director for Travel Reengineering
COL Al Brendsel	Principal Director, Deputy Assistant Secretary Of Defense Military Personnel Policy

## Director:

Name	Office
Mr. Ancel Hendrix	Office of Under Secretary of Defense (Comptroller) - Financial Commerce

## Task Force Participants:

Name	Department	Parent Organization ID
Ms. Dorthy Albert	Army	Headquarters Military Traffic Management Command
MAJ Blair Alexander	Defense Agency	Defense Finance and Accounting Service
LTC Carolyn Beale	Army	Office of the Chief of the Army Reserve
CDR Sally Benson	Joint Staff	J-1 Personnel Readiness Division
Lt.Col. Joseph Brown	Air Force	Directorate of Personnel Programs Education and Training Compensation Policy
Mr. Jerry Brown	Navy	Chief of Naval Operations
Ms. Kathy Coakley	Defense Agency	Defense Information Systems Agency
Ms. Debra Decker	USMC	Manpower Policy Branch, Headquarters Marine Corps
Mr. Jack Denslow	OSD	Office of Under Secretary of Defense (Comptroller)
Ms. Linda Dobbs-Wilson	Army	Office of the Assistant Secretary of the Army (Manpower and Reserve Affairs)
Mr. John Gannon	Defense Agency	Office of the Inspector General
Ms. Lydia Grimsley	Navy	Office of the Assistant Secretary of the Navy for Manpower and Reserve Affairs, Civilian Personnel/Equal Employment Opportunity
Mr. Dennis Heins	Air Force	Air Force Personnel Operations Agency Personnel Management Division
Mr. Rick Helms	Defense Agency	Defense Finance and Accounting Service

Mr. Michael Imphong	Air Force	Air Force Personnel Operations Agency Personnel Management Div.
MAJ R. Dennis Lasley	Army	Office of the Deputy Chief of Staff for Personnel
CDR Gregory Martin	Navy	Bureau of Naval Personnel
Mr. Tony Mastrostefano	Navy	Chief of Naval Operations
Capt. Mark Meehan	USMC	Marine Corps Transportation
LTC John Ogle	Army	Office of the Deputy Chief of Staff for Personnel
Ms. Shaila Parikh	OSD	Office of Under Secretary of Defense (Comptroller)
Ms. Velda Potter	OSD	Per Diem, Travel and Transportation Allowance Committee
Mr. Joseph Roj	Air Force	Office of the Assistant Secretary of the Air Force for Financial Management and Comptroller, Financial Operations
Ms. Deanie Ross-Singleton	OSD	Office of Under Secretary of Defense (Comptroller)
Mr. Paul Rossbach	OSD	Office of Under Secretary of Defense (Personnel and Readiness)
LtCol Glen Rudd	Air Force	Directorate of Transportation, Traffic Management Division
Mr. Hassan Soliman	Defense Agency	Office of the Inspector General
Ms. Anne Tarzier	OSD	Office of Under Secretary of Defense (Personnel and Readiness)
Mr. Bill Tirrell, Sr.	OSD	Per Diem, Travel and Transportation Allowance Committee
Mr. Ed Turner	Defense Agency	Department of Defense Education Activity
Mr. Jim Wachter	OSD	Office of Under Secretary of Defense (Personnel and Readiness)
Mr. Tony Young	OSD	Office of Under Secretary of Defense (Comptroller)

**Facilitators:**

<b>Name</b>	<b>Organization</b>
Mr. Chris Ervin	Soza & Company, Ltd.
Ms. Wendy Howard	Soza & Company, Ltd.
Mr. Harry Irvine	Soza & Company, Ltd.

## **Appendix C**

### **Customer Satisfaction Survey Summary**

# Customer Satisfaction Survey Summary

## Customer Demographics:

- 308 survey respondents
  - 215 Travelers (69.8%)
  - 93 Process Owners (30.2%)
  - 204 Military (66.2%)
  - 104 Civilians (33.8%)

Customer moves 4.84 times in career.

PCS orders take 65 days to receive.

PCS orders are amended 2.67 times.

	Number of Responses	Percent Satisfied	Percent Dissatisfied
5. The overall Permanent Change of Station (PCS) travel process supports mission requirements.	277	80.1%	19.9%
6. PCS travel rules are easy to understand.	283	50.5%	49.5%
7. I am satisfied with the relocation allowance/entitlement information provided to me.	250	63.2%	36.8%
8. PCS travel orders are easy to complete.	225	73.3%	26.7%
11. PCS travel orders are approved quickly.	233	67.0%	33.0%
14. PCS allowances/entitlements are clearly listed on travel orders.	267	42.7%	57.3%
15. I am satisfied with the quality of services for household goods transportation provided at my old duty station.	242	69.0%	31.0%
16. I am satisfied with the quality of services for personal transportation provided at my old duty station.	227	77.5%	22.5%
17. My household goods were packed as scheduled.	233	88.8%	11.2%
18. My household goods were moved as scheduled.	230	87.4%	12.6%
19. My household goods were stored as scheduled.	156	89.1%	10.9%
20. I am satisfied with the quality of services for household goods transportation provided at my new duty station.	215	71.2%	28.8%
21. My household goods were delivered as scheduled.	210	84.3%	15.7%
22. My household goods were temporarily stored as requested.	115	91.3%	8.7%
23. My household goods were unpacked as requested.	198	74.2%	25.8%
24. I am satisfied with my PCS travel arrangements.	243	72.8%	27.2%
25. I understand my PCS allowances/entitlements.	255	57.6%	42.4%

	Number of Responses	Percent Satisfied	Percent Dissatisfied
26. The transportation allowances/entitlements received are as much as I expected.	223	69.5%	30.5%
27. Transportation allowances/entitlements are accurately calculated.	200	67.5%	32.5%
28. I am satisfied with the timeliness of my PCS advance (not advance pay).	151	80.1%	19.9%
29. My PCS travel voucher is easy to complete.	230	70.0%	30.0%
33. I am satisfied with the timeliness of reimbursement for my PCS travel expenses.	226	58.4%	41.6%
34. Travelers are adequately compensated for PCS travel expenses.	241	54.4%	45.6%
35. I am satisfied with the ability to make PCS travel arrangements on my own.	232	77.6%	22.4%
36. I am satisfied with temporary lodging during PCS.	227	56.8%	43.2%
37. I am satisfied with meals allowance during PCS.	225	70.2%	29.8%
38. I am satisfied with the quality of services provided by my commercial travel office in arranging PCS travel.	191	83.8%	16.2%
39. I am satisfied with using my DoD travel charge card (AMEX) to charge PCS costs.	135	59.3%	40.7%
40. I am satisfied with using my DoD travel charge card (AMEX) to obtain cash advances at automated teller machines (ATM).	126	70.6%	29.4%
41. I like electronic fund transfer (EFT) reimbursement for PCS travel expenses.	214	81.8%	18.2%
42. I like the idea of EFT split-disbursement PCS travel payments to my bank and to American Express.	123	61.0%	39.0%
43. The overall PCS travel process is too paper intensive.	257	27.2%	72.8%
44. The PCS travel system provides for a sound system of internal controls.	167	59.3%	40.7%
45. The PCS travel system reduces my administrative burden.	210	38.6%	61.4%
46. Government PCS travel can be simplified and improved.	238	9.7%	90.3%
47. The PCS travel system treats me as an honest customer.	237	59.5%	40.5%
48. The overall PCS travel process is fair and equitable.	238	67.6%	32.4%
49. The PCS travel system helps control costs to government.	213	62.9%	37.1%
50. I am satisfied with Do It Yourself "DITY" PCS process.	101	75.2%	24.8%
51. I am satisfied with the round-the-clock service to a commercial travel office through means of an 800 toll-free number.	115	80.9%	19.1%
52. The overall PCS travel system supports my quality of work life.	226	57.1%	42.9%

Note: Numbers left out of sequence are questions that were quantitative in nature and presented at the beginning of this appendix.

## **Appendix D**

### **Outreach - Sites Visited - Agencies Interviewed**

## **Outreach - Sites Visited**

### **Department of Defense Sites**

Kaiserslautern, Germany	Lieutenant Colonel Al Chapin, 415 <sup>th</sup> Base Support Battalion
Ramstein, Germany	Colonel David Ferguson, 86 <sup>th</sup> Support Group
Naples, Italy	Commander John Newcomb, Naval Support Activity Naples
Lackland AFB, Texas	Lieutenant Randy Resch, 37 <sup>th</sup> Transportation Squadron
Ft. Sam Houston, Texas	Directorate Of Logistics, Transportation Division
Norfolk, Virginia	Ms. Linda K. Fentress, COMNAVBASE, Norfolk
Langley AFB, Virginia	Colonel Gary R. Dylewski, 1 FW/CC
Ft. Jackson, South Carolina	Ms. Yvonne McCarty, U.S Army Training Center & Fort Jackson

### **Corporations Visited**

Enron, Inc., Houston, Texas	Ms. Jane Allan
Shell Oil, Houston, Texas	Mr. David Williams
USAA Insurance, San Antonio, Texas	Ms. Joyce Parker
Frito-Lay, Inc., Plano, Texas	Ms. Lisa Paul
Sea Land Services, Charlotte, North Carolina	Ms. Pam Lund
General Motors (GM) Corp., Detroit, Michigan	Ms. Leslie Raetz
Glaxo Wellcome Inc. *	Ms. Anne Jones
Wachovia Corp.*	Ms. Nancy Spencer

\* Sites not visited – Company completed questionnaire.

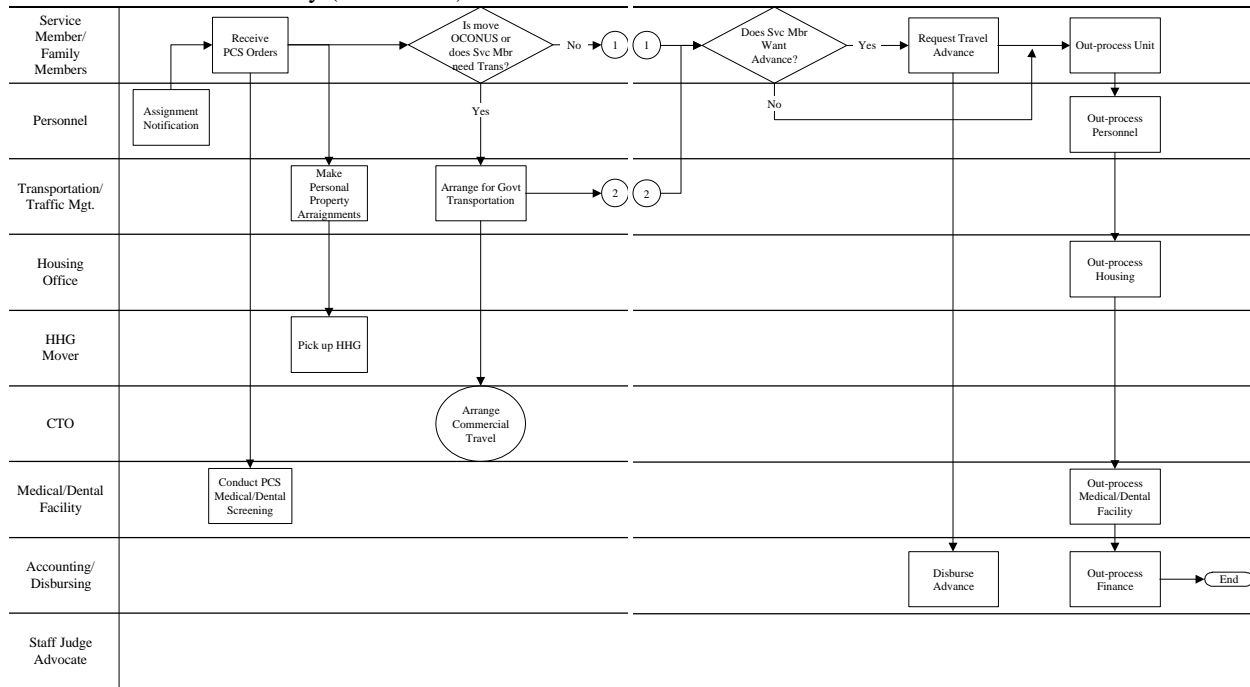
## **Appendix E**

### **Current Process Flow Charts for Military and Civilian PDT**

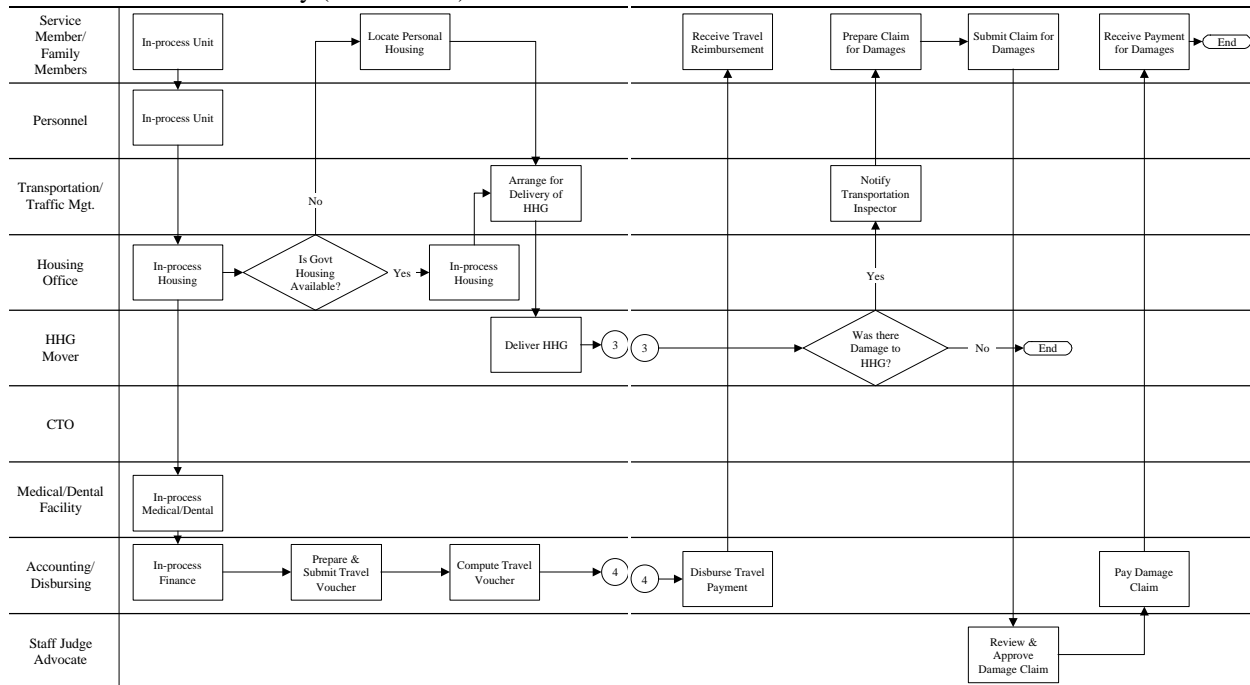


# Current Military PDT Process Flow

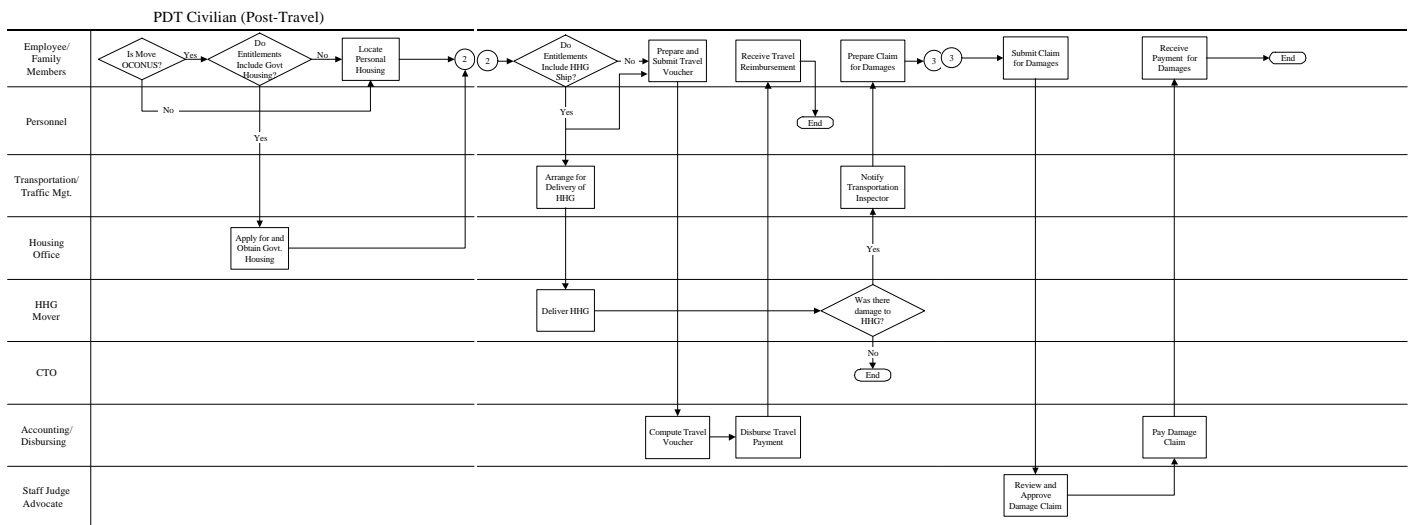
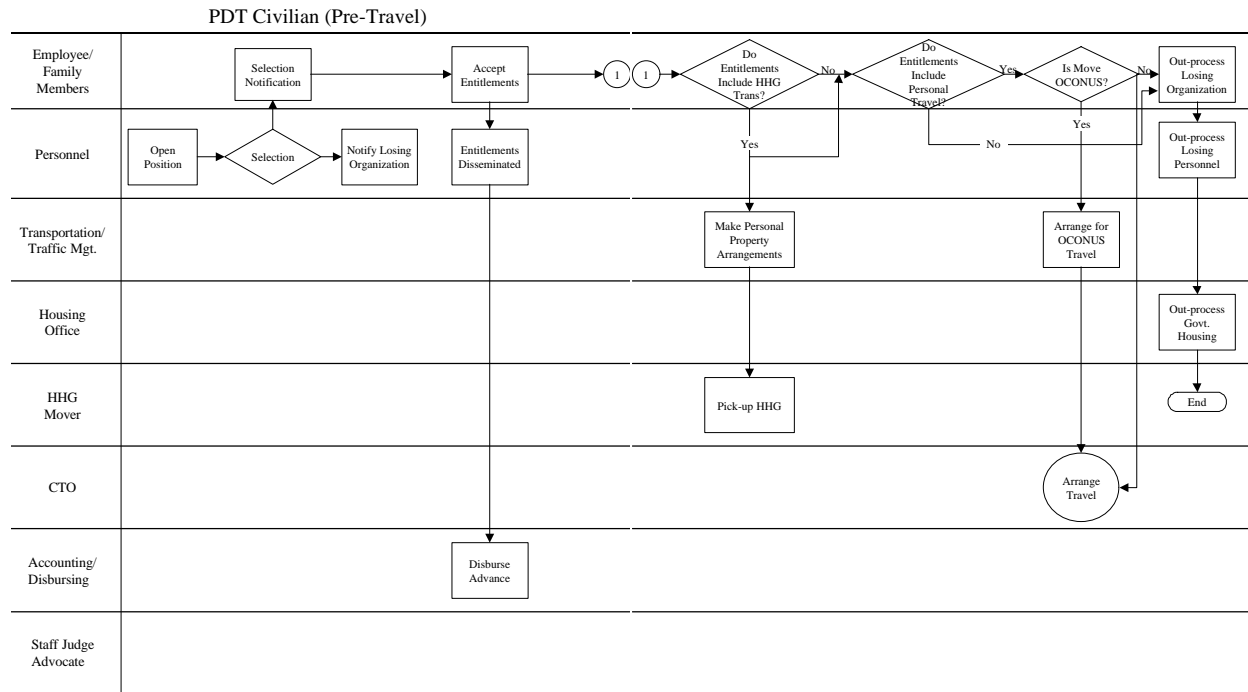
## PDT Military (Pre-Travel)



## PDT Military (Post-Travel)



## Current Civilian PDT Process Flow



## **Appendix F**

### **Sample In- and Out-Processing Times by Component**

This appendix shows a generic list of the steps that travelers must generally follow. These steps are time consuming and the amount of time varies depending on the unique circumstances of the traveler. Time required can range from 111 to 169 hours depending on the circumstances. The Task Force developed these estimates to illustrate time consumed in- and out-processing.

## Sample In- and Out-Processing Times by Component

### CONUS - no Dependents

	<i>Army</i>	<i>Navy</i>	<i>USAF</i>	<i>USMC</i>	<i>Civilians</i>	<b>Total</b>	<b>Range</b>	<b>Avg.</b>
1 Clear Base Housing	1.5	1.0	1.5	1.0	-	5.0	1.0 - 1.5	1.3
2 Education Office	0.5	0.1	0.5	0.5	0.5	2.1	0.1 - 0.5	0.4
3 Family Services (RAP)	-	0.5	1.0	1.0	0.5	3.0	0.5 - 1.0	0.8
4 Finance	1.5	0.5	1.0	1.0	5.0	9.0	0.5 - 5.0	1.8
5 Finance Claims (in processing)	1.0	1.0	1.5	1.5	6.0	11.0	1.0 - 6.0	2.2
6 HHG Arrangements	1.0	0.5	1.0	1.0	3.5	7.0	0.5 - 3.5	1.4
7 HHG Pack-up/out	6.0	8.0	6.0	2.0	-	22.0	2.0 - 8.0	11.0
8 HHG Pick-up/Receipt	6.0	4.0	6.0	2.0	28.0	46.0	2.0 - 28.0	9.2
9 House Cleaning	8.0	8.0	8.0	1.0	8.0	33.0	1.0 - 8.0	6.6
10 Real Estate Arrangements*	-	-	-	-	22.0	22.0	22.0	22.0
11 Housing (acquire)	24.0	16.0	40.0	0.5	24.0	104.5	0.5 - 24.0	20.9
12 Interim payments- Temp Lodging	-	-	-	-	-	-	-	-
13 JAG/Damage Claims	4.0	0.5	1.5	1.0	4.0	11.0	0.5 - 4.0	2.2
14 Medical/Dental Screening	0.5	0.5	1.3	0.5	3.0	5.8	0.5 - 3.0	1.2
15 Orderly Room (Unit)	1.0	2.0	1.0	0.5	-	4.5	0.5 - 2.0	1.1
16 Passports	-	-	-	-	4.0	4.0	4.0	4.0
17 Personnel Processing (& Orders)	0.5	-	0.8	1.0	6.0	8.3	0.5 - 6.0	2.1
18 School records (enroll/disenroll)	0.5	-	-	-	4.0	4.5	0.5 - 4.0	2.3
19 Schedule out-processing appts	1.0	1.0	1.0	0.5	6.0	9.5	0.5 - 6.0	1.9
20 Supply	1.5	-	0.5	1.0	0.5	3.5	0.5 - 1.5	0.9
21 TMO	0.5	-	1.0	-	-	1.5	0.5 - 1.0	0.8
22 Vehicle Prep, Delivery & Shipment	1.0	-	2.0	-	16.0	19.0	1.0 - 16.0	6.3
23 Vehicle Inspection/License, etc.	-	-	-	-	5.0	5.0	5.0	5.0
24 Miscellaneous --	16.0	6.0	5.5	3.0	15.5	46.0	3.0 - 16.0	9.2
<b>TOTALS</b>	<b>76.0</b>	<b>49.6</b>	<b>81.0</b>	<b>19.0</b>	<b>161.5</b>	<b>387.1</b>	<b>-</b>	<b>114.4</b>

\* *Civilians Only*

## Sample In- and Out-Processing Times by Component (cont.)

### OCONUS - no Dependents

	<i>Army</i>	<i>Navy</i>	<i>USAF</i>	<i>USMC</i>	<i>Civilians</i>	<b>Total</b>	<b>Range</b>	<b>Avg.</b>
1 Clear Base Housing	1.5	1.0	1.5	1.0	-	5.0	1.0 - 1.5	1.3
2 Education Office	0.5	0.1	0.5	0.5	0.5	2.1	0.1 - 0.5	0.4
3 Family Services (RAP)	-	0.5	0.8	1.0	0.5	2.8	0.5 - 1.0	0.7
4 Finance	1.5	0.5	1.0	1.0	6.0	10.0	0.5 - 6.0	2.0
5 Finance Claims (in processing)	1.0	1.0	2.0	1.5	6.0	11.5	1.0 - 6.0	2.3
6 HHG Arrangements	1.0	0.5	1.0	1.0	3.5	7.0	0.5 - 3.5	1.4
7 HHG Pack-up/out	6.0	8.0	8.0	3.0	-	25.0	3.0 - 8.0	12.5
8 HHG Pick-up/Receipt	6.0	8.0	6.0	3.0	24.0	47.0	3.0 - 24.0	9.4
9 House Cleaning	8.0	8.0	8.0	1.0	10.0	35.0	1.0 - 10.0	7.0
10 Real Estate Arrangements*	-	-	-	-	8.0	8.0	8.0	8.0
11 Housing (acquire)	40.0	20.0	40.0	0.5	24.0	124.5	0.5 - 40.0	24.9
12 Interim payments- Temp Lodging	1.0	-	-	-	-	1.0	1.0	1.0
13 JAG/Damage Claims	4.0	1.0	5.3	2.0	4.0	16.3	1.0 - 5.3	3.3
14 Medical/Dental Screening	1.5	1.0	2.0	1.0	-	5.5	1.0 - 2.0	1.4
15 Immunizations	1.0	0.5	-	-	-	1.5	0.5 - 1.0	0.8
16 Orderly Room (Unit)	1.0	2.0	1.0	0.5	-	4.5	0.5 - 2.0	1.1
17 Passports	-	1.0	3.0	1.0	-	5.0	1.0 - 3.0	1.7
18 Personnel (Orders)	0.5	-	1.0	1.0	6.0	8.5	0.5 - 6.0	2.1
19 Pick up school records	-	-	-	-	4.0	4.0	4.0	4.0
20 Schedule out-processing appts	1.0	1.0	1.0	0.5	6.0	9.5	0.5 - 6.0	1.9
21 Supply	1.5	-	0.5	1.0	0.5	3.5	0.5 - 1.5	0.9
22 TMO	-	1.0	1.0	-	-	2.0	1.0	1.0
23 Vehicle Prep, Delivery & Shipment	4.0	4.0	8.0	8.0	16.0	40.0	4.0 - 16.0	8.0
24 Vehicle Inspection/License, etc.	5.5	2.0	-	-	9.0	16.5	2.0 - 9.0	5.5
25 Miscellaneous --	10.0	13.0	5.5	16.0	44.0	88.5	10.0 - 44.0	17.7
<b>TOTALS</b>	<b>96.5</b>	<b>74.1</b>	<b>97.0</b>	<b>44.5</b>	<b>172.0</b>	<b>484.1</b>	<b>-</b>	<b>120.1</b>

\* *Civilians Only*

## Sample In- and Out-Processing Times by Component (cont.)

### CONUS - with Dependents

	<i>Army</i>	<i>Navy</i>	<i>USAF</i>	<i>USMC</i>	<i>Civilians</i>	<b>Total</b>	<b>Range</b>	<b>Avg.</b>
1 Clear Base Housing	1.5	2.0	1.5	2.0	-	7.0	1.5 - 2.0	1.8
2 Education Office	0.5	0.5	0.5	0.5	0.5	2.5	0.5	0.5
3 Family Services (RAP)	1.5	0.5	1.0	1.0	0.5	4.5	0.5 - 1.25	0.9
4 Finance	1.5	0.5	1.0	1.0	5.0	9.0	0.5 - 5.0	1.8
5 Finance Claims (in processing)	1.0	1.5	1.5	1.5	6.0	11.5	1.0 - 6.0	2.3
6 HHG Arrangements	1.0	1.3	1.0	1.5	3.5	8.3	1.0 - 3.5	1.7
7 HHG Pack-up/out	10.0	24.0	14.0	16.0	-	64.0	10.0 - 24.0	32.0
8 HHG Pick-up/Receipt	12.0	8.0	20.0	10.0	28.0	78.0	8.0 - 28.0	15.6
9 House Cleaning	10.0	8.0	8.0	8.0	8.0	42.0	8.0 - 10.0	8.4
10 Real Estate Arrangements*	-	-	-	-	22.0	22.0	22.0	22.0
11 Housing (acquire)	32.0	40.0	40.0	30.0	24.0	166.0	24.0 - 40.0	33.2
12 Interim payments- Temp Lodging	-	-	-	-	-	-	-	-
13 JAG/Damage Claims	6.0	4.0	1.5	10.0	4.0	25.5	1.5 - 10.0	5.1
14 Medical/Dental Screening	0.5	0.5	1.3	0.5	3.0	5.8	0.5 - 3.0	1.2
15 Orderly Room (Unit)	1.0	2.0	1.0	0.5	-	4.5	0.5 - 1.0	1.1
16 Passports	-	-	-	-	4.0	4.0	4.0	4.0
17 Personnel Processing (& Orders)	0.5	-	0.8	2.0	6.0	9.3	0.5 - 6.0	2.3
18 School records (enroll/disenroll)	2.0	1.0	1.0	1.0	4.0	9.0	1.0 - 4.0	1.8
19 Schedule out-processing appts	1.0	1.0	1.0	0.5	6.0	9.5	0.5 - 6.0	1.9
20 Supply	1.5	-	0.5	1.0	0.5	3.5	0.5 - 1.5	0.9
21 TMO	-	-	1.0	-	-	1.0	1.0	1.0
22 Vehicle Prep, Delivery & Shipment	1.0	-	2.0	-	16.0	19.0	1.0 - 16.0	6.3
23 Vehicle Inspection/License, etc.	-	-	-	-	5.0	5.0	5.0	5.0
24 Miscellaneous --	20.0	17.0	5.5	16.0	15.5	74.0	5.5 - 24.0	14.8
<b>TOTALS</b>	<b>104.5</b>	<b>111.8</b>	<b>104.0</b>	<b>103.0</b>	<b>161.5</b>	<b>584.8</b>	<b>-</b>	<b>165.5</b>

\* *Civilians Only*

## Sample In- and Out-Processing Times by Component (cont.)

### OCONUS - with Dependents

	<i>Army</i>	<i>Navy</i>	<i>USAF</i>	<i>USMC</i>	<i>Civilians</i>	<b>Total</b>	<b>Range</b>	<b>Avg.</b>
1 Clear Base Housing	1.5	2.0	1.5	4.0	-	7.5	1.5 - 4.0	2.3
2 Education Office	0.5	0.5	0.5	0.5	0.5	2.0	0.5	0.5
3 Family Services (RAP)	1.5	3.0	0.8	1.0	0.5	5.3	0.5 - 3.0	1.4
4 Finance	1.5	0.5	1.0	2.0	6.0	9.5	0.5 - 6.0	2.2
5 Finance Claims (in processing)	1.0	1.5	2.0	1.5	6.0	11.0	1.0 - 6.0	2.4
6 HHG Arrangements	1.0	1.3	1.0	2.0	3.5	7.8	1.0 - 3.5	1.8
7 HHG Pack-up/out	10.0	24.0	24.0	20.0	-	68.0	10.0 - 24.0	39.0
8 HHG Pick-up/Receipt	12.0	16.0	20.0	16.0	24.0	76.0	12.0 - 24.0	17.6
9 House Cleaning	10.0	8.0	8.0	8.0	10.0	34.0	8.0 - 10.0	8.8
10 Real Estate Arrangements*	-	-	-	-	8.0	8.0	8.0	8.0
11 Housing (acquire)	50.0	40.0	40.0	40.0	24.0	144.0	24.0 - 50.0	38.8
12 Interim payments- Temp Lodging	1.5	4.0	-	2.0	-	6.0	1.5 - 4.0	2.5
13 JAG/Damage Claims	6.0	4.0	5.3	6.0	4.0	19.3	4.0 - 6.0	5.1
14 Medical/Dental Screening	3.0	2.0	2.0	4.0	-	8.0	2.0 - 4.0	2.8
15 Immunizations	2.5	1.0	-	-	-	1.0	1.0 - 2.5	1.8
16 Orderly Room (Unit)	1.0	2.0	1.0	0.5	-	3.5	0.5 - 2.0	1.1
17 Passports	2.5	2.0	3.0	3.0	-	8.0	2.0 - 3.0	2.6
18 Personnel (Orders)	0.5	-	1.0	2.0	6.0	9.0	0.5 - 6.0	2.4
19 Pick up school records	1.5	2.0	0.5	1.0	4.0	7.5	0.5 - 4.0	1.8
20 Schedule out-processing appts	1.0	1.0	1.0	2.0	6.0	10.0	1.0 - 6.0	2.2
21 Supply	2.0	-	0.5	1.0	0.5	2.0	0.5 - 2.0	1.0
22 TMO	-	1.0	1.0	-	-	2.0	0.5 - 1.0	1.0
23 Vehicle Prep, Delivery & Shipment	4.0	8.0	8.0	12.0	16.0	44.0	4.0 - 16.0	9.6
24 Vehicle Inspection/License, etc.	6.0	2.0	-	-	9.0	11.0	2.0 - 9.0	5.7
25 Miscellaneous --	24.0	36.5	5.5	24.0	44.0	134.0	5.5 - 44.0	26.8
<b>TOTALS</b>	<b>144.5</b>	<b>162.3</b>	<b>127.5</b>	<b>152.5</b>	<b>172.0</b>	<b>638.3</b>	<b>-</b>	<b>188.9</b>

\* *Civilians Only*



## **Appendix G**

### **The Reengineering PDT Task Force Entitlements Analysis**

# The Permanent Duty Travel Reengineering Task Force Entitlements Analysis

## Entitlements Analysis Report

### Transportation

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#### MALT & Travel by POC

##### Military Allowance

###### GENERAL

- 1) Member may elect to:
  - a) travel by POC
  - b) personally procure transportation by common carrier (limited to cost to government)
  - c) be provided transportation in kind

- 2) Use POC as transportation mode if advantageous to government (except transoceanic)

###### MONETARY ALLOWANCE in LIEU of TRANSPORTATION (MALT)

37 USC 404(d) - travel by POC  
37 USC 406(a) - dependent travel within CONUS by other than POC

- 1) MALT based on number of family members in vehicle (same as civilians):
  - a) one - 15 cents/mile
  - b) two - 17 cents/mile
  - c) three - 19 cents/mile
  - d) four or more - 20 cents/mile

- 2) MALT can be paid for travel in second POC -- no special authorization is required

- 3) May be authorized/approved third POC
  - a) dependents traveling at a earlier or later date
  - b) dependents age or physical condition require third car
  - c) number of dependents (more than 4 per POC)

- 4) Dependent Travel within CONUS by other than POC: within CONUS dependents may be authorized to travel by commercial means (air, rail, bus), unless they elect to travel by POC, from the old PDS to the new PDS.

##### Civilian Allowance

TRAVEL BY PRIVATELY OWNED CONVEYANCE (POC)  
5 USC 5724(a)(1)

- 1) Use of privately owned conveyance (POC) as transportation mode always advantageous to the government
- 2) Mileage reimbursement based on number of occupants in vehicle:
  - a) one indiv - 15 cents per mile
  - b) two indiv - 17 cents per mile
  - c) three indiv - 19 cents per mile
  - d) four or more indiv - 20 cents per mile
- 3) May be authorized to use 2 POCs
  - a) dependent(s) traveling at a later date
  - b) luggage and dependents can't fit into one POC
  - c) automatic for uniformed personnel
- 4) Dependent Travel Within CONUS by other than POC: within CONUS dependents may be authorized to travel by commercial means (air, rail, bus) unless they elect to travel by POC, from the old PDS to the new PDS.
- 5) Dependent Travel Outside CONUS by other than POC: Travel to a new PDS outside CONUS is authorized by Government or commercial air.

##### Industry Practices

- 1- Included in Lump-sum Allowance

2 - 31.5 cents per mile for POV or, if distance >500 miles, choice of POV or actual cost of contracted commercial transportation plus any meals and lodging associated with traveling to your new location, incl. last night in old location and first night in new.

3 - Expected to travel by personal auto.  
Reasonable expenses reimbursed: mileage allowance, tolls, parking, reasonable meals and lodging expenses, related phone calls, mileage for up to 3 cars, or shipment of up to 2 if only one is driven.  
Air travel can be authorized, covering fares, enroute meals, car shipment for 2 cars and rental car until shipped cars arrived

4 - Reimbursed expenses: travel and related expenses. For >300 miles, actual air fares or POV at mileage allowance rates. Mileage allowance only if distance < 300 miles

5 - 31.5 cents per mile, with average of 350 miles per day, for up to 2 POVs. Reasonable lodging and meal costs enroute

##### Recommendation

POV - Flat mileage rates for all PDT travelers; one for travelers with dependents and one for travelers without dependents. Flat rate would be adjusted to include per diem allowance that will be included in up-front lump-sum payment.

Commercial Transportation - DoD will purchase commercial tickets through CTO; traveler per diem will be included in lump-sum payment.

LAW CHANGE/WAIVER?  
May require GSA waiver or legislative change for both military and civilian.

Lump-sum payments will definitely require a waiver from GSA and possible changes to current law

# Transportation

## Per Diem

### Military Allowance

MALT PLUS PER DIEM  
37 USC 404 - Per Diem; OCONUS dependent travel

- 1) One day of travel time for each 350 miles
  - a) an additional day of travel time is allowed if the excess is 51 miles or more
- 2) Flat per diem rate for food and lodging:
  - a) flat \$50 per day for member
  - b) \$37.50 per day for each dependent 12 and older
  - c) \$25 per day for each child under 12
- 3) For travel by POC per diem for member is a flat \$50.
- 4) Per diem for the member when travel is by commercial means is computed under lodgings plus at the rate for the new PDS, or the rate for the delay point if the member stops overnight.
- 5) Per diem for the dependents is 3/4 of the member's applicable rate for each dependent 12 years old or older and 1/2 of the member's rate for each dependent under 12 years.
- 6) Dependent Travel OCONUS: travel to new PDS outside CONUS is authorized by government or commercial air.

LODGINGS PLUS PER DIEM  
37 USC 404 - Per Diem

- 1) Flat daily rate for food plus lodging cost
- 2) Paid while traveling by other than POC
- 3) For travel by POC per diem for the member is a flat \$50.
- 4) Per diem for the member when travel is by commercial means is computed under lodgings plus at the rate for the new PDS, or the rate for the delay point if the member stops overnight.
- 5) Per diem for the dependents is 3/4 of the member's applicable rate for each dependent 12 years old or older and 1/2 of the member's rate for each dependent under 12 years.

### Civilian Allowance

PER DIEM  
5 USC 5724a(a)

- 1) Per diem for en-route travel, house-hunting trip and temporary quarters is the standard CONUS per diem rate (DoD option)
- 2) Within CONUS for travel by POC or commercial means up to \$80 (under lodgings plus) for employee, 3/4 of the employee's rate for spouse & each dependent 12 years old or older, 1/2 of the employee's rate for each dependent under 12 years.
- 3) Per diem locality rates apply outside CONUS with same fractional amounts for dependents.

### Industry Practices

- 1- Included in Lump-sum Allowance
- 2 - 31.5cents per mile for POV or, if distance >500 miles, choice of POV or actual cost of contracted commercial transportation plus any meals and lodging associated with traveling to your new location, incl. last night in old location and first night in new.
- 3 - Expected to travel by personal auto. Reasonable expenses reimbursed: mileage allowance, tolls, parking, reasonable meals and lodging expenses, related phone calls, mileage for up to 3 cars, or shipment of up to 2 if only one is driven. Air travel can be authorized, covering fares, enroute meals, car shipment for 2 cars and rental car until shipped cars arrived
- 4 - Reimbursed expenses: travel and related expenses. For >300 miles, actual air fares or POV at mileage allowance rates. Mileage allowance only if distance < 300 miles
- 5 - 31.5 cents per mile, with average of 350 miles per day. for up to 2 POVs. Reasonable lodging and meal costs enroute

### Recommendation

- POV - Flat mileage rates for all PDT travelers; one for travelers with dependents and one for travelers without dependents. Flat rate would be adjusted to include per diem allowance that will be included in up-front lump-sum payment.
- Commercial Transportation - DoD will purchase commercial tickets through CTO; traveler per diem will be included in lump-sum payment.
- LAW CHANGE/WAIVER? May require GSA waiver or legislative change for both military and civilian.
- Lump-sum payments will definitely require a waiver from GSA and possible changes to current law

Transportation

Dependent Travel Within CONUS by other than POC

Military Allowance

DEPENDENT TRAVEL WITHIN CONUS BY OTHER THAN POC  
37 USC 406  
1) Within CONUS dependents may travel by commercial means (air, rail, bus) unless they elect to travel by POC, from the old PDS to the new PDS.

Civilian Allowance

DEPENDENT TRAVEL WITHIN CONUS BY OTHER THAN POC  
5 USC 5724(b)  
1) Within CONUS dependents may travel by commercial means (air, rail, bus) unless they elect to travel by POC, from the old PDS to the new PDS.

Industry Practices

- 1- Included in Lump-sum Allowance
- 2 - 31.5 cents per mile for POV or, if distance >500 miles, choice of POV or actual cost of contracted commercial transportation plus any meals and lodging associated with traveling to your new location, incl. last night in old location and first night in new.
- 3 - Expected to travel by personal auto. Reasonable expenses reimbursed: mileage allowance, tolls, parking, reasonable meals and lodging expenses, related phone calls, mileage for up to 3 cars, or shipment of up to 2 if only one is driven. Air travel can be authorized, covering fares, enroute meals, car shipment for 2 cars and rental car until shipped cars arrived
- 4 - Reimbursed expenses: travel and related expenses. For >300 miles, actual air fares or POV at mileage allowance rates. Mileage allowance only if distance < 300 miles
- 5 - 31.5 cents per mile, with average of 350 miles per day. for up to 2 POVs. Reasonable lodging and meal costs enroute

Recommendation

POV - Flat mileage rates for all PDT travelers; one for travelers with dependents and one for travelers without dependents. Flat rate would be adjusted to include per diem allowance that will be included in up-front lump-sum payment.

Commercial Transportation - DoD will purchase commercial tickets through CTO; traveler per diem will be included in lump-sum payment.

LAW CHANGE/WAIVER?  
May require GSA waiver or legislative change for both military and civilian.

Lump-sum payments will definitely require a waiver from GSA and possible changes to current law

Transportation

Dependent Travel OCONUS

Military Allowance

DEPENDENT TRAVEL OCONUS  
37 USC 404  
1- Government authorizes commercial air travel to new. OCONUS PDS.

Civilian Allowance

DEPENDENT TRAVEL OCONUS  
5 USC 5724(a)(1)  
1- Government authorizes commercial air travel to new OCONUS PDS.

Industry Practices

- 1- Included in Lump-sum Allowance
- 2 - 31.5 cents per mile for POV or, if distance >500 miles, choice of POV or actual cost of contracted commercial transportation plus any meals and lodging associated with traveling to your new location, incl. last night in old location and first night in new.
- 3 - Expected to travel by personal auto. Reasonable expenses reimbursed: mileage allowance, tolls, parking, reasonable meals and lodging expenses, related phone calls, mileage for up to 3 cars, or shipment of up to 2 if only one is driven. Air travel can be authorized, covering fares, enroute meals, car shipment for 2 cars and rental car until shipped cars arrived
- 4 - Reimbursed expenses: travel and related expenses. For >300 miles, actual air fares or POV at mileage allowance rates. Mileage allowance only if distance < 300 miles
- 5 - 31.5 cents per mile, with average of 350 miles per day. for up to 2 POVs. Reasonable lodging and meal costs enroute

Recommendation

POV - Flat mileage rates for all PDT travelers; one for travelers with dependents and one for travelers without dependents. Flat rate would be adjusted to include per diem allowance that will be included in up-front lump-sum payment.

Commercial Transportation - DoD will purchase commercial tickets through CTO; traveler per diem will be included in lump-sum payment.

LAW CHANGE/WAIVER?  
May require GSA waiver or legislative change for both military and civilian.

Lump-sum payments will definitely require a waiver from GSA and possible changes to current law.

# Transportation

## Military Allowance

- DESIGNATED PLACE MOVE
- 1) Dependents may be authorized designated place move when member:
- a) PCS to dependent restricted tour
  - b) unusually arduous sea duty
  - c) duty under unusual conditions
  - d) delay of dependent travel 20 or more weeks
- 2) Dependents must establish bona fide residence
- a) any place in CONUS
  - b) non-foreign OCONUS area under certain conditions
- 3) OCONUS location only if:
- a) old station
  - b) next station
  - c) foreign born dependents
  - d) can't be authorized for delays of 20 or more weeks

## Civilian Allowance

Not applicable.

## Designated Place Move

## Industry Practices

- 1- Included in Lump-sum Allowance
- 2 - 31.5 cents per mile for POV or, if distance >500 miles, choice of POV or actual cost of contracted commercial transportation plus any meals and lodging associated with traveling to your new location, incl. last night in old location and first night in new.
- 3 - Expected to travel by personal auto.  
Reasonable expenses reimbursed: mileage allowance, tolls, parking, reasonable meals and lodging expenses, related phone calls, mileage for up to 3 cars, or shipment of up to 2 if only one is driven.  
Air travel can be authorized, covering fares, enroute meals, car shipment for 2 cars and rental car until shipped cars arrived
- 4 - Reimbursed expenses: travel and related expenses. For >300 miles, actual air fares or POV at mileage allowance rates. Mileage allowance only if distance < 300 miles
- 5 - 31.5 cents per mile, with average of 350 miles per day, for up to 2 POVs. Reasonable lodging and meal costs enroute

## Recommendation

Not addressed by the entitlements sub-group.

# House-hunting Trip Prior to Move

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## Military Allowance

(Service Regs)

- 1) Allowed between & within the 50 states & D.C.
- 2) 10 days in conjunction with PCS.
- 3) No transportation or per diem.
- 4) Permissive travel not chargeable to leave.

## Civilian Allowance

5 USC 5724a(b)

- 1) Employee and dependents receive en-route transportation and per diem
- 2) House-hunting trip (HHT) is discretionary:
  - a) round-trip - up to 10 calendar days
  - b) transportation and per diem (CONUS standard - per diem for spouse is 75% of what employee is entitled to) (Maximum per diem for employee \$80 & \$60 for spouse within CONUS.) {CAP Item 2-97 proposes to pay per diem based on the applicable locality rate instead of the standard CONUS \$80 rate, as authorized in FTR Amendment 54.} {CAP Item 11-97 proposes an option which permits a DoD component to pay a single amount to cover the cost of meals, incidentals and lodging instead of per diem under lodgings-plus system. The single amount is: (a) when employee and spouse both travel, the applicable locality rate multiplied by 6.25. (b) when only one of them travels, the applicable locality rate multiplied by 5. This change is based on FTR Amendment 63.}
  - c) HHT reduces TQSE
- 3) HHT prohibited when:
  - a) assigned to gov't quarters
  - b) transfer not agreed to old or new PDS outside US
  - c) less than 75 mi. between old and new PDS
  - d) returning from OCONUS for separation

## Industry Practices

1- Included in Lump-sum Allowance

2- \$1,000 Lump-sum to cover meals, lodging, car rental, baby-sitting, and other expenses; plus Airline tickets or POV mileage (distance must be >150 miles)

3 - Covered by lump-sum provided for TLA, or can have option of reimbursement of costs for max of 7 days/6 nights, incl. travel (air or mileage), lodging and meals, child care, telephone, tolls, parking etc.

4- 2 for employee and spouse (max 7 days), 1 for dependent children or baby-sitting. Homefinding assistance and fee reimbursement of ½ month's rent.

5 - 1 trip for employee and spouse  
Air fares or mileage allowance of 31.5 cents for up to 200 miles

Reasonable lodging and meal costs for up to 5 days  
Professional baby sitting costs up to \$150.  
Local driving allowance of 200 miles or, if travelling by air, car rental expenses.  
Local calls up to \$6 per day, and one long distance call to check on children per day, up to \$15

## Recommendation

Discretionary "official travel" allowance of up to 10 days for civilian and military travelers; per diem will not be provided for military. Temporary Living Allowance rate covers lodging, meals, rental cars, and other house-hunting related expenses. Where house hunting trips are authorized, the lump-sum payment will be adjusted for transportation costs.

For example: the increase to the lump-sum could be (1) a flat rate; or (2) the cost of two round-trip airline tickets, or (3) some other factor (i.e. a percentage of basic pay). In addition, airline tickets for house-hunting trips will be purchased through CTO's.

### LAW CHANGE/WAIVER?

Employee: May require GSA waiver or legislative change for employee. Probably require legislative change for member with attendant tax implications.

Lump-sum payments will definitely require a waiver from GSA and possible changes to current law

# Temporary Living Allowance

## TLE & TQSE

### Military Allowance

TEMPORARY LODGING EXPENSE (TLE)  
37 USC 404a

- 1) CONUS counterpart to TLA
- 2) Up to \$110 per day per family
- 3) Maximum days payable:
  - a) 5 days if PCS to overseas location
  - b) 10 days if PCS to CONUS or within CONUS
- 4) Not payable on first or last move
- 5) Daily maximum of \$110 per family applies

#### TLA & TLE COMPUTATION

- 1) Amount of entitlement depends on several factors:
  - a) family size
  - b) actual quarters cost - government quarters use required if available
  - c) availability of cooking facilities
  - d) per diem rate for location
- 2) Based on percentage of local per diem rate:
  - a) up to 65% for a single member
  - b) up to 100% for member with one dependent
  - c) add 25% for each additional dependent (note: for TLA only, add 35% for each dependent 12 and over)
  - d) deduct daily allowances for housing and food

### Civilian Allowance

TEMPORARY QUARTERS SUBSISTENCE EXPENSE (TQSE)  
5 USC 5724a(c)

- 1) Discretionary
- 2) 3 Types of subsistence expense
  - a) Actual
  - b) Fixed
  - c) Foreign Transfer Allowance
- 3) Cannot duplicate other allowances
  - a) COLA under Dept of State standard regs. (government civilians-foreign areas)(DSSR)
  - b) TLA (TQSA) under DSSR
- 4) TQSE prohibited for:
  - a) new appointee to first duty station
  - b) transferred outside US
  - c) renewal agreement travel
  - d) returning from OCONUS for separation
  - e) training assignment
- 5) TQSE reduced when:
  - a) authorized 10 day HHT
  - b) previously assigned TDY or permanent duty at new PDS
  - c) family doesn't plan to move until some time after the employee
- 6) TQSE Time Limitation
  - a) must begin not later than 30 days after employee reports for duty, or
  - b) 30 days after dependent(s) vacate residence at old PDS
  - c) but not beyond the maximum time limitation of 2 years, unless the 2-year period is extended for an additional period of 1-year of completion of residence transactions
- 7) TQSE Period of Eligibility
  - a) initial period is 60 days
  - b) additional 60 days may be approved if circumstances occurred during the initial 60 day period and are clearly shown to be beyond the employee's control
  - c) days run consecutively but may be interrupted for illness, hospitalization, TDY, or call to active military duty
- 8) TQSE Per Diem
  - a) payable at standard CONUS rate. DoD option.
  - b) 1st 30 days:
    - > employee or unaccompanied dependent: 100%
    - > employee accompanied by spouse: 100% for employee and 2/3 for dependent
    - > dependent 12 yrs of age or older: 2/3 of employee or unaccompanied spouse rate
    - > dependent under 12 yrs of age: 1/2 of employee or unaccompanied spouse rate
    - > (Allowed when new PDS is in U.S.) (CAP Item 3-97 proposes to allow DoD components to pay a fixed amount for up to 30 days in temporary quarters in lieu of reimbursement for actual subsistence expenses up to amounts shown above. The fixed amount for the employee is determined by multiplying the number of days authorized by .75 times the locality per diem rate for the new PDS. For each family member multiply the same number of days by .25 times the same per diem rate. This change is based FTR

### Industry Practices

- 1- Included in Lump-sum Allowance
- 2- Lump-sum of \$6,000 if homeowner; \$4,000 if renter; plus reimbursement for airline tickets or POV mileage for return visits home every other weekend up to 3 trips maximum for employee only (distance must be >150 miles for air travel)
- 3 - Tax-assisted lump-sum, or reimbursement option (food, lodging, return trips home, etc fairly complicated) for up to 30 days. Lump-sum is preferred policy.
- 4 - If reporting before moving family:  
Renters: 30 days; homeowners: 60 days  
\$30 per day for meals  
Return trips every other w/end  
2 weeks for employee and family while waiting for HHG
- 5 - Reasonable lodging and meal costs for up to 3 days at destination  
Lodging up to 3 months, max of \$700 per month  
If temporarily unaccompanied, per diem of \$25 for meals for up to 60 days, and one trip home per month, up to max of 3 trips (air fares or for POV, up to 400 mile round trip at mileage allowance rates

### Recommendation

Flat rate based on per diem rate at new duty station for both civilian and military, included in up-front, lump-sum with separate allowances for travelers with dependents and travelers without dependents, with no reductions to BAH/BAS.

For example: Civilians would be paid 100% of locality per diem rate X (some number of days; could be 30,45, 60, etc.); and, Military would be paid 100% of locality per diem rate for 10 days with no deductions to housing and subsistence allowances. Or, both civilian and military would be paid appropriate percentages of locality per diem rate, i.e. 120% of per diem rate for travelers with dependents and 80% of per diem rate for travelers without dependents.

Potential Impact of Change  
Increase to:  
Mil BAH/BAS  
Incr Readiness  
Incr Tvlr Awareness  
Incr Costs for Unit Moves

Decrease to:  
# Days Civ Allow  
Decr G&A/Overhead Costs  
Decr Storage Costs  
Decr Tvlr Out-of-Pocket-Costs

#### LAW CHANGE/WAIVER?

May require legislative change for CONUS allowance for members and foreign areas for employees and require waivers from GSA and State Department for employees.

Lump-sum payments will definitely require a waiver from GSA and possible changes to current law

Amendment 59}.

- c) 2nd 30 or additional days; Max. daily rate:
  - > \$60 for employee or unaccompanied spouse
  - > \$40 for dependent 12 yrs of age or older
  - > \$30 for dependent under 12 yrs of age

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## Temporary Living Allowance

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### *TLA & FTA(SE)*

#### **Military Allowance**

TEMPORARY LODGING ALLOWANCE (TLA)  
37 USC 405

- 1) Designed to partly offset costs for temporary housing and meals upon arrival
- 2) Outside CONUS only - Alaska and Hawaii
- 3) Usually a maximum of 60 days (when arriving) and 10 days (when departing)
- 4) Paid in 10 or 15 day increments

#### **Civilian Allowance**

FOREIGN TRANSFER ALLOWANCE (SE) - 5 USC 5924(2)  
TQSA - 5 USC 5923(a)

- 1) Payable under DSSR
- 2) Transfer from PDS in US to PDS outside US
- 3) 10 days prior to final departure from PDS in US
- 4) Per diem is based on locality (DSSR)
- 5) FTA(SE) Maximum 10 days per diem prior to departure from the U.S., Puerto Rico, Northern Mariana Islands, plus (TQSA) maximum 90 days expenses after arrival at and 30 days prior to departure from foreign area.
  - a) per diem based on lodging location.
  - b) the 90 and 30 day periods may be extended up to but not more than an additional 60 days in each case if continued occupancy of temporary quarters is required for compelling reasons beyond the control of the employee.

#### **Industry Practices**

- 1- Included in Lump-sum Allowance
- 2 - Tax-assisted lump-sum, or reimbursement option (food, lodging, return trips home, etc fairly complicated) for up to 30 days. Lump-sum is preferred policy.

#### **Recommendation**

Flat rate based on per diem rate at new duty station for both civilian and Service members and will be included in the up-front, lump-sum payment with separate allowances for travelers with dependents and travelers without dependents and no reductions to BAH/BAS. Extensions can be requested in dire circumstances.

LAW CHANGE/WAIVER?  
May require waiver from GSA and State Department for employees.

Lump-sum payments will definitely require a waiver from GSA and possible changes to current law

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## Miscellaneous Moving Expense

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### *DLA & MEA*

#### **Military Allowance**

DISLOCATION ALLOWANCE  
37 USC 407

- 1) Offsets some of the costs of household relocation
- 2) Equals about 2 1/2 month's BAH-2 at with or without dependents rate; amount also varies by grade (Range: \$903.75 for E-1 to \$2,538.00 for O-10, with dependent rates).
- 3) Not payable for:
  - a) first or last move
  - b) singles assigned to government quarters
  - c) proximity moves unless required for military necessity

#### **Civilian Allowance**

MISCELLANEOUS EXPENSE ALLOWANCE  
5 USC 5724a(f)

- 1) Varies based on dependents:
  - a) without dependents -- lesser of \$350 or equiv. of 1 wks basic pay
  - b) with dependents -- lesser of \$700 or equiv. of 2 wks basic pay
  - c) in no case will the basic salary rate exceed the basic salary for a GS-13
- 2) Employee must incur some expenses

#### **Industry Practices**

- 1- Included in Lump-sum Allowance
- 2- \$3000 lump-sum. Income tax gross-up paid by employer for all relocation expenses/allowances
- 3 - 15% of annual salary (not tax assisted); 10% for experienced new hire
- 4 - One month's base salary at post transfer rate
- 5 - One month's pay

#### **Recommendation**

Incorporate existing Miscellaneous Expense/Dislocation Allowance amounts into the lump-sum payment.

LAW CHANGE/WAIVER?  
No change required.

Lump-sum payments will definitely require a waiver from GSA and possible changes to current law



Household Goods

Transportation

Military Allowance

- 37 USC 406
- 1) Authorized HHG shipment upon PCS
  - 2) HHG weight allowance varies by family status (single or with family) and grade:
    - a) max. weights range from 1,500 lbs. For single E-1 to 18,000 lbs. for O-6 and above
    - b) Admin weight of 2,000 lbs. Or 25% of weight allowances for grade/status
    - c) transport of HHG outside CONUS: 2,000 lbs. Or 25% of HHG weight allowance, plus nonavailable item.
  - 3) May store HHG instead of shipping
  - 4) Unaccompanied baggage - items needed immediately upon arrival
    - a) includes clothing, linens, and small appliances
    - b) sent ahead on commercial carrier to arrive before main HHG
    - c) weight subtracted from full weight allowance
    - d) can be shipped in addition to admin weight
  - 5) Professional books, papers, and equipment (PBP&E)
    - a) necessary in performance of official duties
    - b) not counted against HHG weight allowance
    - c) must be clearly identified in order to weigh separately
  - 6) Boats may be shipped as part of HHG
  - 7) Methods of Shipment:
    - a) government bill of lading (GBL) - normal
    - b) personally procured
    - c) 'Do-It-Yourself' (DITY)
      - > allows member to pack, load and move own HHG
      - > cash payment - currently 95% (incentive - member keeps net amount)
      - > move by privately owned or rented vehicle
      - > CONUS, Alaska and Canada moves only
      - > must be authorized
    - d) carrier arranged by TMO

Civilian Allowance

- 5 USC 5742(a)(2) - transportation
- 1) Must not begin later than 2 yrs after date employee reports for duty at the new PDS
  - 2) 18,000 lbs max. weight limit, with or without dependents. If OCONUS: 4,500 lbs., plus nonavailable items.
  - 3) Transportation may be authorized by government bill of lading (GBL) or under the commuted rate system
  - 3) JTR requires cost comparison between GBL and commuted rate to determine most economical

Industry Practices

- 1- Packing, transporting and unpacking major household goods and insurance on goods in transit.
- 2- Packing, transported, insuring and unpacking, with certain exclusions (e.g. pets).
- 3 - Packing, insurance, transport and unpacking
- 4 - Packing, shipping, unpacking and full replacement value insurance.
- 5 - Packing, shipping and unpacking up to 18,000 lbs Full replacement value insurance up to \$63,000

Recommendation

Not Addressed.

## Household Goods

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### *Storage*

#### **Military Allowance**

37 USC 406(d) - nontemp storage

- 1) Temporary storage not to exceed 90 days
- 2) Additional 90 days may be approved
  - a) serious illness or death of member or dependent
  - b) TDY
  - c) upcoming assignment of government housing
  - d) nonavailability of suitable civilian housing
  - e) completion of residence under construction
  - f) acts of God, or other circumstance beyond the member's control
- 3) Storage of HHG not authorized for local moves
- 4) Nontemporary storage (NTS) of HHG (at member's option, with weight and shipment caveat).
  - a) instead of shipment
  - b) HHG stored count as part of maximum HHG weight

#### **Civilian Allowance**

5 USC 5726(c) - nontemp storage CONUS  
5 USC 5726(b) - nontemp storage OCONUS

- 1) HHG max. weight: 18,000 lbs. (all employees).
- 2) Temporary storage of HHG:
  - a) 90 days;
  - b) additional 90 days may be provided
- 3) Temporary storage not to exceed 90 days -- may be authorized
- 4) Additional 90 days of temporary storage may be approved when the following occurs:
  - a) an intervening TDY or training assignment
  - b) nonavailability of suitable housing
  - c) completion of residence under construction
  - d) serious illness or death of employee or dependent
  - e) strikes, acts of God, or other circumstances beyond the employee's control
- 5) Non-temporary storage
  - a) may be authorized when assigned OCONUS or to isolated duty station in CONUS
    - > OCONUS: may authorized for tour length if HHG cannot be used.
  - b) NTS authorized for duration of assignment

#### **Industry Practices**

- 1- Included in Lump-sum Allowance
- 2- Up to 60 days storage, if necessary
- 3 - Up to 60 days (30 days for new hires).
- 4 - Storage for 30 days
- 5 - 30 days

#### **Recommendation**

Not Addressed.

# Other Personal Property Transportation

## Mobile Home Transport

### Military Allowance

- 37 USC 409
- 1) Must be member's primary residence
  - 2) Only authorized within and between CONUS and Alaska
  - 3) Normally in lieu of unaccompanied baggage and HHG transportation
    - a) HHG that must be removed to haul safely may be shipped separately
    - b) cost is counted as part of maximum cost
  - 4) Reimbursement is limited to what it would have cost the Government to transport member's maximum HHG weight allowance.
  - 5) May be transported:
    - a) by government (GBL)
    - b) personally procured (ex: towed by POC; reimbursed for actual costs)(when moved by commercial transport, reimbursement includes carrier charges, road fares & tolls, permits & charges for pilot car).
    - c) self-propelled may be driven by member (actual costs or 31 cents per mile)
  - 6) Carrier arranged by TMO.

### Civilian Allowance

- 5 USC 5742(b)
- 1) Transportation of Mobile Home is in lieu of HHG transportation and is authorized only within CONUS, within Alaska, & between CONUS & Alaska
  - 2) When moved by commercial transporter, reimbursement includes carrier charges, road fares & tolls, permits & charges for pilot car.
  - 3) If towed by POC, reimbursement is 11 cents per mile.
  - 4) May be transported by GBL.
  - 5) Reimbursement is limited to what it would have cost the Government to transport employee's maximum HHG weight allowance.

### Industry Practices

- 1- Included in Lump-sum Allowance
- 2- Will pay for moving 1 auto with HHG; and will pay for moving 2 autos if move is >500 miles; motor homes or recreational vehicles will be paid mileage if driven to new permanent duty location, campers and trailers not transported

### Recommendation

Not Addressed.

## Other Personal Property Transportation

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### *POV Transport*

#### **Military Allowance**

37 USC 406 - CONUS  
10 USC 406(h), 37 USC 406(h) - OCONUS

- 1) Member authorized shipment of one POV
  - a) to, from, and between overseas
  - b) upon homeport change of vessel
  - c) limited authority when PCS within CONUS; ex: member can't drive (physically unable or insufficient time).
  - d) may be authorized shipment for replacement of POV during any 4 year period.
- 2) POV limited to 20 measurement tons
  - a) may be waived for medical necessity
- 3) Foreign POV (FPOV) cannot normally be shipped from Overseas
- 4) Service or host country policy may prevent shipment of POV. When host contry prevents POV shipment, government will store POV (effective 1 Apr 97)

#### **Civilian Allowance**

5 USC 5727(c) - CONUS  
5 USC 5727 - OCONUS

- CONUS:
- 1) CAP Item 12-97 proposes to allow a DoD component to authorize/ approve the transportation of one or more POVs incident to a PCS within CONUS or travel to a first PDS within CONUS when advantageous and cost effective to the Government. This change is based on FTR Amendment 65.
  - 2) One POV of US manufacture may be transported to an overseas PDS at government expense.
  - 3) After 4-yr period, employee may have replacement POV transported at government expense.
  - 4) Transportation at government expense of a foreign POV is not authorized. There are exceptions.
- OCONUS:
- 1) May be authorized transportation of one POV incident to a PCS to a OCONUS PDS, between OCONUS PDSs and upon return to the U.S.
  - 2) May also be authorized shipment for a replacement POV within a period of four years from the date the first POV was shipped overseas. Must ship POV to OCONUS PDS to be eligible to ship POV back (regulation).

#### **Industry Practices**

- 1- Included in Lump-sum Allowance
- 2- Will pay for moving 1 auto with HHG; and will pay for moving 2 autos if move is >500 miles; motor homes or recreational vehicles will be paid mileage if driven to new permanent duty location, campers and trailers not transported
- 3 - 1 car if < 300 miles, 2 cars if > 300 miles.  
\$330 for household pets
- 4 - Expected to drive own vehicles (max 2) at mileage allowance rates. 1 vehicle can be shipped if other is used for family transport.  
Air fares only in special circumstances.  
Pet relocation up to \$100

#### **Recommendation**

Not Addressed.

## Other Personal Property Storage

---

### *Mobile Home Storage*

#### **Military Allowance**

37 USC 409

- 1) Temporary storage of mobile home
  - a) same as rules for HHG

#### **Civilian Allowance**

Not authorized

#### **Industry Practices**

- 1- Included in Lump-sum Allowance
- 2- Not covered

#### **Recommendation**

Not Addressed.

Other Personal Property Storage

POV Storage

Military Allowance

- 10 USC 2634
- 1) POV storage authorized for one POV
- a) member PCS to foreign OCONUS location and not permitted to ship POV
  - b) TDY on contingency operation over 30 days
- 2) At storage facility designated by Service or personally procured
- 3) Member paid to deliver or pick up POV at port/storage facility
- a) normally concurrent with PCS travel - member paid MALT
  - b) if separate trip - member paid 31 cents per mile

Civilian Allowance

Not authorized in law.

Industry Practices

- 1- Included in Lump-sum Allowance
- 2- Not covered

Recommendation

Not Addressed.

# Real Estate

## Real Estate and Lease Termination

### Military Allowance

Not authorized in law.

### Civilian Allowance

5 USC 5724a(d)(1)-(7)

- 1) Old and new PDS must be in the US
- 2) Selling of old residence or lease termination at old PDS authorized
  - a) reimbursement limited to 10% of sale price
  - b) purchase residence at new PDS -- reimbursement limited to 5% of purchase price
  - c) real estate expenses may be allowed for an employee who is transferred from a CONUS location to an OCONUS location, and upon completion of prescribed tour of duty, transfers to a different CONUS location

### Industry Practices

1- If home is sold within 12 months of move, realtor sales commission fee at prevailing rate for location; loan discount points up to 1% of loan amount; sellers closing costs, including Real estate transfer taxes, transfer stamp fees, abstract costs, Legal fees, & loan repayment penalties; if you enroll in Home Purchase Program and sell your own Home, 5% of selling price is paid directly to seller. If you are not enrolled in program, you do not get 5% incentive bonus.

Employee will be reimbursed 50% of loss on sale up to a max of \$20,000, if selling price is < original purchase price.

2- Use of relocation company, marketing assistance and Third Party vendor, with guaranteed buyout, and payment of commission and other closing costs. Reimbursement of costs of home inspection and radon test. 3% incentive payment and tax gross-up payment. Loss on sale up to 20% of original purchase price, not to exceed \$50,000.

Lease: up to 2 months rent and reimbursement of loss on security deposit.

Buying: Interest on bridging and construction loans up to 60 days. Up to 100% equity advance. Mortgage financing at competitive rates. If using company nominated realtor, reimbursed for the following closing costs: max of one point, fees for appraisal, attorney, application, survey, title search, inspections, fees for recording, assumption and credit reports, and note/stamps/intangible taxes.

3 - Renter: unused rental payments and lease cancellation penalty, up to 2 months' rent. In new location, ongoing rental assistance in high cost centers (max depends on center).

Homeowner: various options on sale:

A. Marketing assistance, and if sale occurs within 30 days, a \$500 bonus. If not, move to buyout program. Marketing assistance choice provides access to loss on sale (up to \$50,000) and equity advance. (This is very similar program to that of Company 2).

B. Outside contract: sale bonus of 2% of net sale price, up to \$6,000.

C. Lump-sum of 10% of buyout offer. Plus closing costs of buying a home in new location, up to 5% of purchase price.

New home mortgage assistance  
Duplicate housing assistance when old home not yet sold (for up to 60 days).  
Home purchase supplement for high cost centers

4- Guaranteed buyout. Marketing assistance. Reimbursement of broker commission up to 6%. Closing costs, excl. mortgage interest, taxes and insurance. Loss on sale.

Lease: up to 6 months rent reimbursement.

Buying: reimbursement of reasonable closing costs, incl.

### Recommendation

The program should remain as is. The Sub-group recommended, however, that real estate costs not be included as part of the proposed lump-sum payment and also pointed out the need for one consistent policy across DoD for the Home Marketing Incentive Program.

While recent changes to the real estate program, such as property management fee authorization and cap removal on the real estate expenses, will drive costs up, our "Best-in-Class" findings have shown these incentives have increased door to door moves and reduced inventory for industry.

Recommend follow-on assessment be conducted to determine feasibility of giving real estate expenses to OCONUS travelers.

LAW CHANGE/WAIVER?  
No changes required.

Inspections. Loan fees/points up to 1%, or 2% if referred

5 - For homeowner: choice of Relocation Incidental Bonus (one month's pay) or Real Estate Option.

Real Estate Option includes reimbursement of:

- > Closing costs on sale and purchase
  - > Mortgage prepayment penalties up to 6 months interest for home being sold
  - > Fees for title insurance, loan points, realtor commission on sale of home only (up to 6%)
  - > Buyer's closing costs on the home being sold by employee
-

## Home Marketing Incentive Program

### Military Allowance

Not authorized by law.

### Civilian Allowance

5 USC 5756

- 1) CAP Item 4-97 proposes to allow a home marketing incentive to employees who use the DoD relocation company's homesale program and independently and aggressively market and find a buyer for their residences.
- 2) The amount of the incentive may not exceed the lesser of 5% of the residence purchase price or the savings realized from the reduced fee paid to the relocation services company as a result of the employee finding a buyer.
- 3) The incentive payment may not exceed \$6000.
- 4) This change is authorized in FTR Amendment 61.

### Industry Practices

1- If home is sold within 12 months of move, realtor sales commission fee at prevailing rate for location; loan discount points up to 1% of loan amount; sellers closing costs, including Real estate transfer taxes, transfer stamp fees, abstract costs, Legal fees, & loan repayment penalties; if you enroll in Home Purchase Program and sell your own Home, 5% of selling price is paid directly to seller. If you are not enrolled in program, you do not get 5% incentive bonus.

Employee will be reimbursed 50% of loss on sale up to a max of \$20,000, if selling price is < original purchase price.

2- Use of relocation company, marketing assistance and Third Party vendor, with guaranteed buyout, and payment of commission and other closing costs. Reimbursement of costs of home inspection and radon test. 3% incentive payment and tax gross-up payment. Loss on sale up to 20% of original purchase price, not to exceed \$50,000.

Lease: up to 2 months rent and reimbursement of loss on security deposit.

Buying: Interest on bridging and construction loans up to 60 days. Up to 100% equity advance. Mortgage financing at competitive rates. If using company nominated realtor, reimbursed for the following closing costs: max of one point, fees for appraisal, attorney, application, survey, title search, inspections, fees for recording, assumption and credit reports, and note/stamps/intangible taxes.

3 - Renter: unused rental payments and lease cancellation penalty, up to 2 months' rent. In new location, ongoing rental assistance in high cost centers (max depends on center).

Homeowner: various options on sale:

A. Marketing assistance, and if sale occurs within 30 days, a \$500 bonus. If not, move to buyout program. Marketing assistance choice provides access to loss on sale (up to \$50,000) and equity advance. (This is very similar program to that of Company 2).

B. Outside contract: sale bonus of 2% of net sale price, up to \$6,000.

C. Lump-sum of 10% of buyout offer.

Plus closing costs of buying a home in new location, up to 5% of purchase price.

New home mortgage assistance

Duplicate housing assistance when old home not yet sold (for up to 60 days).

Home purchase supplement for high cost centers

4- Guaranteed buyout. Marketing assistance.

Reimbursement of broker commission up to 6%. Closing costs, excl. mortgage interest, taxes and insurance. Loss on sale.

Lease: up to 6 months rent reimbursement.

Buying: reimbursement of reasonable closing costs, incl. Inspections. Loan fees/points up to 1%, or 2% if referred

### Recommendation

The program should remain as is. The Sub-group recommended, however, that real estate costs not be included as part of the proposed lump-sum payment and also pointed out the need for one consistent policy across DoD for the Home Marketing Incentive Program.

While recent changes to the real estate program, such as property management fee authorization and cap removal on the real estate expense, will drive costs up, our "Best-in-Class" findings have shown these incentives have increased door to door moves and reduced inventory for industry.

Recommend follow-on assessment be conducted to determine feasibility of giving real estate expenses to OCONUS travelers.



5 - For homeowner: choice of Relocation Incidental Bonus (one month's pay) or Real Estate Option.  
 Real Estate Option includes reimbursement of:  
 > Closing costs on sale and purchase  
 > Mortgage prepayment penalties up to 6 months interest for home being sold  
 > Fees for title insurance, loan points, realtor commission on sale of home only (up to 6%)  
 > Buyer's closing costs on the home being sold by employee

## Taxes

### *Relocation Income Tax Allowance (RITA)*

#### **Military Allowance**

Not authorized in law. Additional tax rarely incurred.

#### **Civilian Allowance**

5 USC 5724(b)

- 1) Established to reimburse eligible employees for substantially all of the additional federal, state, and local income taxes incurred due to relocation
- 2) Applies to eligible employees transferred in the interest of the government
- 3) Does not apply to:
  - a) new appointees
  - b) employees assigned under the Government Employees Training Act

#### **Industry Practices**

1. Income tax gross-up paid by employer for all relocation expenses/allowances.
2. Income tax gross-up paid by employer for all relocation expenses/allowances.
3. Income tax gross-up paid by employer for all relocation expenses/allowances.
4. May be paid on non-deductible basis

#### **Recommendation**

Seek relief.

The Sub-group consensus is that all DoD relocation travel should be considered in the "best interest" of the US Government and, therefore, tax exempt. Relocation Income Tax Allowance exemptions and other special considerations have been granted by statute to the State Department, Central Intelligence Agency and Peace Corps. Tax exemptions have also been granted to the Panama Canal Commission as well as DoD civilian employees stationed in Panama. The Sub-group understands that this proposal will require a change to current tax law and is willing to take any action required to affect the change. Also, the Sub-group suggests that a follow-on study, which explores the economic impact of this recommendation on the Federal Tax system, be conducted before a formal proposal is drafted.

LAW CHANGE/WAIVER?  
 Requires legislative change.

Taxes

Temporary Change of Station - Limited Relocation Allowances for Extended TDY

Military Allowance

Not authorized by law. No tax implication on uniformed personnel.

Civilian Allowance

- 5 USC 5737
- 1) CAP Item 9-97 proposes to allow limited relocation allowances instead of TDY per diem for extended TDYs (6 to 30 months).
- 2) When a TCS is authorized, the employee is entitled to travel and transportation (including per diem) of dependents, shipment and NTS of HHG, shipment of POV, property management services, relocation income tax allowance, and miscellaneous expense allowance. This change is authorized by FTR Amendment 64.

Industry Practices

1. Income tax gross-up paid by employer for all relocation expenses/allowances.
2. Income tax gross-up paid by employer for all relocation expenses/allowances.
3. Income tax gross-up paid by employer for all relocation expenses/allowances.
4. May be paid on non-deductible basis

Recommendation

Seek relief.

The Sub-group consensus is that all DoD relocation travel should be considered in the "best interest" of the US Government and, therefore, tax exempt. Relocation Income Tax Allowance exemptions and other special considerations have been granted by statute to the State Department, Central Intelligence Agency and Peace Corps. Tax exemptions have also been granted to the Panama Canal Commission as well as DoD civilian employees stationed in Panama. The Sub-group understands that this proposal will require a change to current tax law and is willing to take any action required to affect the change. Also, the Sub-group suggests that a follow-on study, which explores the economic impact of this recommendation on the Federal Tax system, be conducted before a formal proposal is drafted.

Waive Limitation on PCS Relocation Allowances

Military Allowance

Not authorized by law.

Civilian Allowance

- 5 USC 5738
- 1) CAP Item 14-97 proposes to provide that a DoD component may waive any limitations on PCS allowances for an employee relocating to or from a remote or isolated location who otherwise would suffer a hardship. This change is based on FTR Amendment 58.

Industry Practices

Recommendation

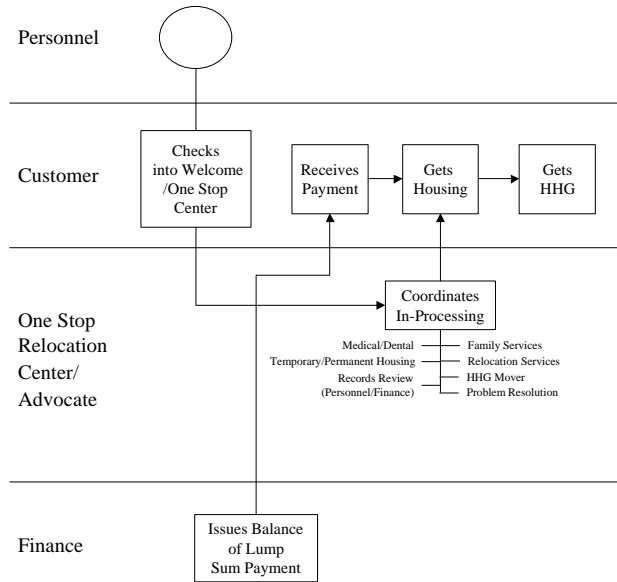
## **Appendix H**

### **To-Be Flow Charts for Military & Civilian PDT**

# To Be PDT Process

## In-processing

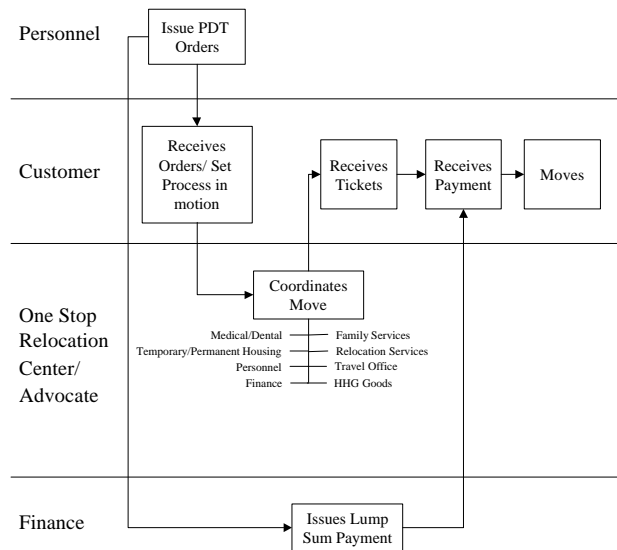
### Military & Civilian



# To Be PDT Process

## Out-processing

### Military & Civilian



# **Appendix I**

## **Best Practices Matrix**



## Best In Class vs DoD Entitlements



<u>Area</u>	<u>Best In Class</u>	<u>DoD</u>
Travel/Relocation Policies & Procedures	20 to 40 pages	JTR/JFTR 309 pgs Traffic Mgmt 473 pgs <u>Financial Mgmt 430 pgs</u> Total +1,200 pgs
Customer Interface	Relocation Services (One Stop Shopping)	> 20 Stops



## Best in Class vs DoD Movement of People



<u>Area</u>	<u>Best In Class</u>	<u>DoD</u>
Entitlements	Simple	Complex/Situational
Payment	Corporate Card Lump sum payment	Cash Advance/Member Float (Air Force Uses AMEX)
Reimbursement Process	Lump sum payment (Centralized Process)	Multiple Vouchers Per Relocation Variable (Centralized/Decentralized)



## Best in Class vs DoD

### Movement of Personal Property



#### Area

Movement of HHG (method)

#### Best in Class

Relocation Service

#### DoD

Multiple Svc Providers

Acquisition Strategy

Best Value  
(*cost + performance*)

Low Cost

Service Performance

Performance Based

Predominantly Low Cost

Damage Claims

Less than 5%

Greater than 25%

Claims Settlement

Relocation Company

Member/JAG

Reimbursement For Claims

Replacement Value (100%)

Depreciated Value  
(Max. Limit: \$1.25 x weight allowance)

Customer Satisfaction

75% Satisfied \*

23% Satisfied

*\* Using Relocation Company*



## Best in Class vs DoD

### Control Mechanism



#### Area

Pre-Payment Review

#### Best In Class

Lump Sum Payment

#### DoD

Line by Line Actual  
Expense Review

Audit of Travel Claim

None/Minimal

Random < \$2,500  
100% > \$2,500  
error rate => 14%

# **Appendix J**

## **List of Acronyms**



## List of Acronyms

A&T	Acquisition and Technology
AAFES	Army and Air Force Exchange Service
ADP	Automated data processing
AMC	Air Mobility Command (U.S. Air Force)
COLA	Cost of Living Allowance
CONUS	Continental United States
DeCA	Defense Commissary Agency
DepSecDef	Deputy Secretary of Defense
DMDC	Defense Manpower Data Center
DITY	Do-It-Yourself
DLA	Dislocation Allowance
DoD	Department of Defense
DTS	Defense Travel System
FAR	Federal Acquisition Regulation
FFMIA	Federal Financial Management Improvement Act
FTR	Federal Travel Regulations
FY	Fiscal Year
GAO	General Accounting Office
GSA	General Services Administration
HHG	Household Goods
JAG	Judge Advocate General
JFMIP	Joint Financial Management Improvement Program
JFTR	Joint Federal Travel Regulations
JTR	Joint Travel Regulations
MALT	Monetary Allowance in Lieu of Transportation
MP	Military Personnel
MRM	Management Reform Memorandum
MTMC	Military Traffic Management Command
NEX	Navy Exchange System
NSA	National Security Agency
O&M	Operations and Maintenance
OCONUS	Outside Continental United States
OSD	Office of the Secretary of Defense
OTEIP	Overseas Tour Extension Incentive Program
OUSD	Office of the Under Secretary of Defense
P&R	Personnel and Readiness
PCS	Permanent Change of Station
PDT	Permanent Duty Travel
PDTATAC	Per Diem, Travel and Transportation Allowance Committee
PL	Public Law
PMO	Program Management Office
POC	Privately Owned Conveyance

POM	Program Objectives Memorandum
POV	Privately Owned Vehicle
PPTMR	Personal Property Traffic Management Regulation, 4500.34R
PRD	Projected Rotation Dates
RITA	Relocation Income Tax Allowance
RTTO	Reengineering Travel Transition Office
SIT	Storage in Transit
TAD	Temporary Additional Duty
TDY	Temporary Duty
TLA	Temporary Lodging Allowance
TLE	Temporary Lodging Expense
TQSE	Temporary Quarters and Subsistence Expense (CONUS)
TQSA	Temporary Quarters and Subsistence Allowance (OCONUS)
U.S.C.	United States Code
USD	Under Secretary of Defense
USTRANSCOM	U.S. Transportation Command
W-2	Wage and Tax Statement
WTA	Withholding Tax Allowance